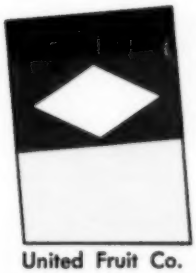
A U.S. DEPARTMENT OF COMMERCE WEEKLY

International Commerce

January 10, 1966

Grace Line, Inc.



United Fruit Co.

American President Lines, Inc.

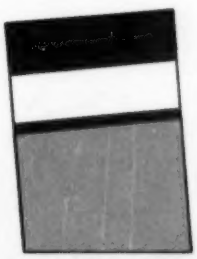
world trade outlook

States Steamship Co.

Prudential Lines, Inc.

Sapphire Steamship Lines, Inc.

Oceanic Steamship Co.



American Export
Isbrandtsen Lines, Inc.

Moore-McCormack Lines, Inc.

Business Bulletins *from around the world*

ARGENTINA—Hussmann Refrigerator Co., St. Louis, and American Refrigeration Products, S.A., Mexico, simultaneously enter into manufacturing and sales agreements with associated firms, Aster, S.A.I.C., and Villber, S.A.C.I., of Rosario. Under agreements, the food store equipment and commercial refrigeration products of both Hussmann and American will be manufactured, sold here by Aster-Villber.

AUSTRALIA—Construction of country's largest tin recovery plant to be completed this month by M&T Chemicals (Australia) Pty., Ltd., wholly-owned subsidiary of M&T Chemicals, Inc., Rahway, N.J. The $1.2 million facility, capable of processing 24,000 tons of tinplate scrap annually, is located on six-acre site near Port Kembla, N.S.W., approximately 60 miles south of Sydney. Principal function will be to service Port Kembla Steel Works of Australian Iron & Steel, Pty., Ltd., major subsidiary of The Broken Hill Proprietary Co., Ltd.

FRANCE—COCELAM Television manufacturing facilities in Paris for radio-television companies Ribet-Desjardins, Television Grammont, and Sonneclair Radio Television to be transferred to the factory at Caen, where production can reach 150,000 sets annually. This is second step in program associating the three companies. First step was creation of common laboratory, cooperation in improvement of products, and establishment of common purchasing service.

Percentage of households owning automobiles and appliances in January 1965 was as follows (April 1964 shown in parenthesis): automobiles 45.2 (42.4), television sets 40.0 (35.3), refrigerators 52.3 (48.3), washing machines 38.3 (35.4), vacuum cleaners and/or floor polishers 43.0 (39.8), and record players 30.0 (26.1).

UNICODEC, major foodstuffs buying group, recently established by agreement between CODEC (consortium of grocers) and UNICO (association of cooperatives). Two organizations presently supply aggregate of $200 million of food products annually to 11,000 member outlets.

New decree requires companies listed on stock exchange which have assets of $2 million or more to publish within month from general stockholders' meeting balance sheet, profit and loss statement, inventory of security holdings, and trading account. Provisional balance sheet and turnover are to be published quarterly. Companies quoted on stock exchange which have assets under $2 million must, at any stockholder's request, supply balance sheet and profit and loss account.

Under proposed agreement, Nederlandse Aardolie Maatschappij, which exploits Groningen gas fields in Netherlands, would supply to Gaz de France 167 billion cubic feet of natural gas annually during period of 25 years. Total French gas output, currently at 5 quadrillion Btu's, has reached capacity. Liquified methane imported from Algeria provides 450 trillion Btu's.

INDIA—The Company for Investing Abroad, wholly-owned subsidiary of Fidelity-Philadelphia Trust Co., purchased 2,500 shares of stock of privately-owned industrial development finance enterprise, Industrial Credit and Investment Corp. of India, Ltd. (ICICI), of Bombay. ICICI was founded under sponsorship of World Bank in 1955 to meet needs of country's industry for medium and long-term financing in private sector.

ITALY—New trade agreement signed with Bulgaria calling for increasing Italian exports of machinery, equipment, chemicals. Italy to import livestock, timber, handicraft products.

Foreign investment in Italian industries increased by about $3.2 million in September. Oil, food processing, rubber, hotels were most important types of investment. In first nine months of 1965, foreign investment was $53.1 million of which $17.6 million was in machinery and equipment, $14.4 million in oil, $7.2 million in chemical and pharmaceutical industry. In September, foreign loans to Italian enterprises increased by $12.8 million.

NORWAY—SNAM Progetti, Italy's construction subsidiary of ENI, the National Hydrocarbon Agency, to build two million ton, $24 million refinery at Sola. Refinery will be owned, operated by Norske Shell.

SWEDEN—Earning capacity of employed persons under 25 years of age estimated at $1.2 billion. There are some 600,000 unmarried young people in the age group 16-24 gainfully employed, recent market survey reports. Teenagers make up about 12% of Swedish population. Despite relatively low percentage, teenagers buy 90% of record players, 50% of records, 40% of knitting yarn, 25% of cosmetics, 25% of movie tickets.

VENEZUELA—Plans for new manufacturing projects registered with Ministry of Development during October include the following, with the scheduled value of the fixed investment in parenthesis: expansion of four paper mills, ($20 million, the bulk of which will be spent on importing new machinery and equipment); manufacture of piston rings in Valencia ($770,000); manufacture and assembly of wheel tractors and agricultural equipment in Maracay ($750,000); manufacture of deepwell pumps, control valves, gas pressure valves in Lagunillas ($44,000); automobile wheels at Maracay ($2 million); molded and cast automotive steel parts at Tejerias ($230,000); enamelling of gas kitchen ranges, sinks, washing machines, at Maracaibo ($265,000), plumbing supplies, e.g., faucets, tees and joints in Barquisimento, ($2 million); electric motors at Paracotas ($480,000); articles of coconut fibers ($370,000); hydrogen peroxide ($750,000). Other smaller planned investments in manufacturing registered during the month included the manufacture of agricultural equipment, tooth brushes, industrial ceramic articles, plastic floor mats, meat and corn mills, and the assembly of heavy construction machinery.

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the cover

An array of stack insignia of U.S. general cargo carriers that operate scheduled international service extends across this week's covers. It harks back to a day in 1609 when the first merchant flag was seen in an American port. That was the horizontal tricolor of the Dutch East India Company, under which Henryk Hudson sailed into New Amsterdam—now New York. However, some elements of the markings of contemporary American lines can be traced back much farther, to the days of the Crusades.

The insignia of the various U.S. companies form an appropriate introduction to the World Trade Outlook issue, which brings together and evaluates reports from U.S. Foreign Service posts on every continent.

International Commerce

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THE OUTLOOK

Further U.S. world trade advance seen in '66

Growth rate of exports expected to accelerate and of imports to slow

The outlook for U.S. trade in 1966 appears promising, with both exports and imports once again expected to attain record highs.

U.S. exports this year should advance at a somewhat better rate than the 4% gain achieved in the first 11 months of last year. Our exports of nonagricultural products will be stimulated by rising demand in some major foreign markets which were sluggish in 1965. In addition, increased foreign requirements for wheat, tobacco, oils, and animal feed will result in expanded shipments of U.S. agricultural products. Larger PL-480 shipments will also be a factor raising the agricultural export total.

The response expected from U.S. businessmen to the appeal by the Secretary of Commerce to increase their companies' contribution to the nation's balance of payments by intensifying sales efforts in foreign markets should help to expand exports. Furthermore, the U.S. Export Expansion Program will continue to give an important additional push to our sales abroad.

Although a continued boom in our economy naturally will result in a high level of imports, their growth is expected to decline somewhat from the strong 13½ percent rise registered through November of last year. With the steel settlement last August, there will be no strike-hedge buying of foreign steel such as pushed those imports to exceptional levels in 1965. American businessmen should find less need to turn to foreign sources for machinery if the improvement in delivery time expected to result from added U.S. plant capacity materializes. A relatively greater rise in manufacturing wage rates in several industrial countries may be reflected in higher prices for imports into the United States, thus narrowing the price advantage which some of these goods have enjoyed.

This analysis of U.S. trade in 1966, which points to a growth in the rate of export expansion and some slowing in the rise of imports, assumes that relative price stability will be maintained in this country during the current year.

Exports expanded at slower rate

U.S. exports for 1965 are estimated at $26.6 billion, a gain of about 4% over the preceding year. This compares with the unusual 14% rise in 1964 over 1963.

Shipments of U.S. manufactured goods increased by 12% in 1964 in response to strong demand arising from sharp advances in industrial production and fixed investment outlays in nearly all of increase in these exports fell to 6%, reflecting to a large degree a marked slowdown in economic expansion in some of our major markets. Last year, the rate of the major industrial countries. Other factors limiting the rise in our exports were the record domestic demand for capital equipment and increasing foreign competition, especially from Japan, Italy, and West Germany. As a consequence of these developments, the rate of growth in our exports of machinery, automotive equipment, and chemicals declined significantly as compared with 1964.

Foreign demand for U.S. agricultural commodities, which account for about one-fourth of total exports, leveled off in 1965 slightly below the high 1964 level. In the absence of special sales to the USSR and because of reduced PL-480 shipments, U.S. exports of wheat decreased by one-fifth from the record total of the preceding year. Cotton exports declined by more than one-fourth, partly as a result of non-competitive U.S.

U.S. exports by major category, Jan.-Nov., 1964-65

Commodity	Jan.-Nov. 1964	Jan.-Nov. 1965	Percent change
	(millions of dollars)		
U.S. exports, total	23,064	24,019	+ 4
Manufactured goods	14,709	15,645	+ 6
Machinery and parts	5,880	6,177	+ 5
Automobiles, trucks, buses, and parts	1,496	[1] 1,561	+ 4
Aircraft and parts	793	1,002	+26
Chemicals	2,132	2,177	+ 2
Metals and manufactures	1,529	1,580	+ 3
Textiles and clothing	642	606	− 6
Other manufactures	2,237	2,542	+14
Food, beverages, and tobacco	4,186	4,077	− 3
Crude materials; fats and oils	3,004	2,984	− 1
Fuels	871	873	....
Other transactions	738	850	+15

Note: Totals exclude, but commodity values include, military grant aid.
[1] Includes estimate for automotive engine parts.

prices. A considerable expansion in shipments of coarse grains, other animal feed, soybeans, fats, and oils nearly balanced the declines in exports of other agricultural products.

The longshoremen's strike in Eastern and Gulf ports early last year, which seriously disrupted the month-to-month flow of shipments, reduced to some extent the value of 1965 exports. Anticipation of this strike caused certain exports which would have moved in 1965 to be shipped in advance in the latter part of 1964. Some losses also undoubtedly resulted from foreign buyers' shifts to other sources at the time of the strike in order to avoid lengthy delays.

But imports surged

More than half of the estimated $2½ billion advance in U.S. imports last year was in industrial supplies and materials for which demand was strengthened by rising industrial production and, in the case of steel imports, by the possibility of a strike. Purchases of foreign iron and steel products for stockbuilding in anticipation of a steelworkers' strike added at least $250 million to the import total. The steel purchase contracts provided for extended delivery dates in some instances, so that even following the labor agreement at the end of August, there were big monthly increases in imports, as compared with a year ago.

Larger purchases of foreign capital equipment in 1965 stemmed from expanding domestic plant and equipment expenditures. Such investment advanced by 15% in 1965 over the previous year, and created a demand which could not be fully met by U.S. manufacturers. Larger disposable income, stepped up trade promotional activities by foreign suppliers, and growing interest by the American consumer in the unusual and the exotic stimulated a demand for greatly increased imports of foreign consumer goods.

Slower import growth expected

The growing U.S. economy will require more imports this year, but the large increase registered in 1965 is not expected to be repeated. Imports of industrial materials, which advanced by about a sixth in value last year, should expand less rapidly. As already mentioned, arrivals of iron and steel-mill products, accounting for about one-third of the increase in imports of industrial materials in 1965, will show a decrease. Sizeable gains in petroleum imports recorded in 1965 as a result of increases in import quotas will be absent this year. The overall petroleum quotas are expected to remain substantially unchanged in 1966.

Major changes in U.S. imports by area

Area and commodity	Jan.-Oct. '65 Value (millions)	Change from Jan.-Oct. '64 (millions)	(%)
Imports, total	$17,248	+$1,990	+ 13
Canada	3,915	+417	+ 12
Machinery	362	+ 63	+ 21
Road motor vehicles	94	+ 55	+142
Live animals and meat	88	+ 46	+112
Nonferrous metals	348	+ 44	+ 15
Latin American republics	2,953	+102	+ 4
Coffee	614	− 81	− 12
Ores and scrap	219	+ 46	+ 26
Petroleum	828	+ 42	+ 5
Bananas [1]	130	+ 32	+ 33
Western Europe	4,938	+734	+ 17
Iron and steel	484	+198	+ 69
Machinery	701	+188	+ 37
Aircraft	43	+ 33	+329
Nonferrous metals	209	+ 32	+ 18
Japan	1,961	+520	+ 36
Iron and steel	402	+186	+ 86
Machinery	320	+ 95	+ 42
Textiles and apparel	304	+ 62	+ 26
Motorcycles	89	+ 50	+129
Other Asia	1,705	+184	+ 12
Textiles and apparel	363	+ 76	+ 26
Petroleum	254	+ 30	+ 14

[1] Increase due to change in valuation.

On the other hand, imports of nonferrous metals should continue to expand. Arrivals of aluminum will advance again this year, though at a slower rate. Copper purchases from overseas are likely to increase somewhat in quantity and to a greater extent in value.

It seems likely that the large 1965 gain in imports of consumer goods will not be repeated in 1966. Nevertheless, the increase in such imports is bound to be significant since American consumers are more and more attracted to these foreign products because of their variety, design, and price.

The growth of U.S. plant capacity in 1965 should retard imports of capital equipment, which advanced in value by about a third last year, because a larger portion of domestic demand will be satisfied by U.S. producers. Construction and agricultural machinery imports, which largely arrive in the form of parts and components from overseas subsidiaries for assembly here, are expected to be delivered in larger quantities but at a slower rate of gain. Purchases of foreign metalworking machinery, up by more than 50% in 1965, are likely to continue to expand.

A slower advance is foreseen in aircraft imports than last year. Nevertheless, substantial further deliveries are expected in order to fulfill the conversion program of U.S. airlines from piston to short- and medium-range jets.

Imports of foodstuffs should show some increase, following a small dip in value last year from 1964 levels. Coffee purchases will probably be higher as inventories, which were drawn down in 1965, are rebuilt. Shortages of pork in this country should increase the demand for imported meat.

Export expansion will broaden

Exports of agricultural, as well as nonagricultural, products are expected to increase in value this year. Machinery, which accounted for about 40% of the

gain in 1965 exports, could represent a smaller proportion of this year's expansion. Nevertheless, exports of machinery should advance more rapidly than the 5% increase recorded for January-November 1965. Improvement in demand, arising from increases in capital outlays, is expected this year from Italy, France, and Japan.

On the other hand, there will probably be a further slowing in the growth of capital investment in West Germany and the United Kingdom and a slackening in the rise in Canada from last year's high rate.

Within the overall machinery group, exports of agricultural machinery should continue the upward trend of recent years and advance further in 1966. Continued mechanization to increase agricultural productivity in foreign countries helps stimulate the demand for U.S. products. A substantial portion of exports of agricultural machinery will be in parts and components for assembly by U.S. subsidiaries abroad.

The need for units of large capacity and high horsepower for construction work, which our industry is well equipped to supply, should cause U.S. sales of construction machinery to rise. Growing requirements for construction machinery parts for assembly abroad by U.S. subsidiaries will stimulate additional exports.

U.S. has edge

U.S. industry's ability to build complex materials handling systems also should continue to confer a competitive edge on these exports, although the need for custom installation for each job limits the extent of the expected advance.

Increasing emphasis abroad on automated data processing equipment for accounting, inventory control, and production planning are expected to contribute to a stronger growth in exports of computing machines in 1966. This increase will continue the long-standing upward trend in these sales, as foreign governments and industries follow the U.S. lead in automating data processing routines.

Industrial needs and the improving standards of living in many foreign countries should continue to keep exports of air-conditioning and refrigerating equipment on the rise. The gain expected for 1966 is about the same as that registered for last year.

The technological advance of U.S. manufactured electronic components and systems should insure the further expansion of these exports in 1966. In the instruments and controls fields, however, the development of U.S. production abroad through direct investment, joint venture, or licensing arrangements has already caused a decline in the growth rate of these exports.

In contrast to the expected increases, shipments of machine tools may well decline again this year. The build-up of machine tool plants abroad has created idle capacity in several European countries.

Aircraft sales up

Although U.S. products will face increasing competition from British and French manufacturers in the sale of short- and medium-range planes, U.S. exports of aircraft are expected to increase in 1966. The expansion will probably be at a lower rate than last year, when shipments expanded by one-fourth. The outlook for foreign sales of long-range 4-engine jets continues to remain favorable. Major factors contributing to our success in selling aircraft in recent years have been the reliability, ease of maintenance, and economy of operation of U.S. equipment.

Chemical exports should expand marginally again, with significant gains probable in shipments of plastics and coal tar intermediates. A sizable increase is expected in exports of paper products, particularly in the mass-produced grades such as containerboard and kraft paper.

Competition from lower-priced foreign steel will continue to restrict the value of our steel exports in 1966. Copper exports are expected to decrease as a result of increasing domestic requirements and new export controls on copper scrap in effect this year.

Food shipments to advance

Wheat exports declined sharply last year from the high level of 1964, but shipments this year may well reach a new record. The import requirements of the developing countries, particularly of India, are expected to rise again, continuing to reflect the inadequacy of food production in relation to population which has been growing rapidly in these nations. As in the past, the bulk of our wheat shipments to developing countries will be under PL-480 arrangements.

The rapid advance in personal incomes in Western Europe and Japan has resulted in a strong demand for meat, with a resultant growing livestock industry. That expansion has stimulated imports of feed grains, soybeans, and protein meal from the United States. U.S. sales of these products are expected to continue to rise in 1966. Exports of dairy products, on the other hand, should be lower again because of higher production in Western Europe and the accumulation of stocks in some countries. Limited U.S. supplies of dairy products also will continue to restrict availability for export.

Tobacco shipments declined last year as a result of large stocks abroad and increased competition from Rhodesia. This year, the improved quality of our tobacco crop, low stocks of U.S. leaf in certain countries, and the current shift from Rhodesian tobacco could result in a moderate expansion in U.S. sales. In addition, tobacco prices, which are up sharply from the low level of early 1965, are expected to increase the value of these exports.

The preceding article and accompanying tables were prepared by the International Trade Analysis Division of the Commerce Department's Bureau of International Commerce.

World Trade Outlook

Current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business are summarized on the following pages.

The reports, written by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce (BIC), are based on up-to-the-minute reports from U.S. Foreign Service posts, international economic organizations, and other sources.

Accompanying most of the articles are data showing the value of each country's total imports and exports, and U.S. share of this trade, during January 1965 through the latest month for which that country's statistics are available.

To show U.S. foreign trade with a few countries from which recent statistics are not available, Bureau of the Census data have been used. Due to the declassification of a significant portion of U.S. special category export data on January 1, 1965, export figures for last year are not comparable with the corresponding 1964 data for individual countries.

Data on U.S. trade with selected countries not covered in separate articles are presented in a table on page 61.

Canada

Business confidence remains strong as foreign trade reaches record levels

By X. W. EILERS
European Division, BIC

Canadian Imports, Jan.-Sept. 1965

Total imports	$5,742 million
From U.S.	$4,036 million
U.S. share	70%

Canadian Exports, Jan.-Sept. 1965

Total exports	$5,773 million
To U.S.	$3,377 million
U.S. share	58%

Canada's chief imports from U.S.:
Machinery, automobile parts, other production components, iron and steel-mill products, textiles, fresh fruits, vegetables.

Chief exports to U.S.:
Newsprint, wood pulp, lumber, crude petroleum, aluminum and products, nickel and products.

Canadian imports from the United States totaled over $4 billion during the first nine months of 1965—an increase of approximately 12% over the same period in 1964.

The rate of gain was probably at least maintained in the last quarter of the year and 1966 is expected to see some further advance.

Supporting this optimistic outlook are the prevailing high rate of industrial activity in Canada, virtually full employment accompanied by a high level of personal income, and record cash receipts being received by Canadian farmers.

Business confidence remains strong. A recent survey disclosed that Canadian business leaders are generally optimistic about 1966. The consensus expects the Canadian economy to expand in 1966, although the advance may be somewhat slower than in the year just ended.

Reflecting the high rate of economic activity, Canada's gross national product (GNP) was running at the annual rate of $50.9 billion through the second quarter of 1965, or 9.1% higher than in second quarter 1964. The Canadian Economic Forum of the National Industrial Conference Board estimates that Canada's GNP will rise a further 6 or 7% in current dollars during 1966.

Price level increases

While most of the 1965 gain in economic growth was in real terms, some increases in price levels were recorded and price-cost pressures are causing some concern. The general wholesale index (1935-39=100) totaled 252 in October compared with 244.3 in October 1964.

The components showing the greatest changes were the Animal Products group index, and the Iron Products, Non-Ferrous Metals and Chemical Products groups. Price increases for consumer goods were also somewhat more pronounced in recent months, but significant changes appear to be confined to prices of food, certain construction materials and transportation.

The consumer price index for October (1949=100) stood at 139.3, down marginally from the previous month and the all-time high reached in July but 3.7% higher than a year earlier.

Opportunities to increase U.S. exports to Canada in 1966 remain excellent, particularly for industrial machinery, automobile parts and accessories, and metal forming machinery.

A continuing strong demand is also anticipated for U.S. electrical machinery, apparatus and appliances, telecommunications equipment, power generating machinery, mining equipment, machine and hand tools, plastics and chemicals.

Rising personal income is expected to provide American manufacturers with an expanding market for a wide range of consumer products, such as glassware, textile fabrics, and fresh fruits and fruit juices.

All major commodity categories registered gains in the expanding Canadian market in 1965. The sharpest increases in U.S. exports were registered by the machinery and transportation equipment groups, miscellaneous manufactured articles, and chemicals.

Heavy expenditures planned

Increased capital spending is anticipated in both the business and government sectors during 1966. Heavy expenditures are planned by the automobile and automobile parts industries, largely as a result of the recently signed United States-Canadian Automotive Agreement. Continuing heavy capital outlays have also been reported by the chemical, steel, mining, and pulp and paper industries.

Residential building conditions are expected to remain relatively stable or possibly even show a modest decline. While there apparently has been no slackening in demand, residential housing starts may drop in 1966 because of higher money rates and an alarming shortage of construction workers.

Multi-family housing starts are expected to rise in the months ahead with row housing and semi-detached homes gaining a larger portion of the market.

The Government of Canada has announced its intention to continue its program of winter construction incentives, which includes a $500 bonus on winter housing starts. A spokesman for the Canadian Department of Labor said these incentives are not considered inflationary because they help ease pressure during the summer when construction workers and materials are in peak demand.

Economic buoyancy

The buoyancy of the Canadian economy has resulted in a larger number of Canadians being gainfully employed than ever before. Out of a total labor force of 7.2 million, nearly 7 million are employed, and unemployment dropped to a low of 2.5 million in August 1965.

The record level of employment should combine with higher wages to raise consumer spending to a new all-time high in 1966.

Good crops and higher prices have boosted the income of Canadian farmers, and this is expected to increase the demand for all kinds of farm implements and machinery. Farmers' cash receipts totaled $1,730 million in the first six months of 1965, establishing a new first half record for the fourth year in succession. This is about 5% above the record high for the corresponding period of 1964.

It is expected that some 80 nations will be taking part in EXPO-67, the popular name for the Universal and International Exhibition which will open in Montreal in 1967. The exhibition will be the highlight of the Centennial celebrations which will mark the 100th anniversary of the Canadian Confederation.

Latins buy to grow

Trade figures expected to reflect region's expansive trend during 1966

U.S. exports to the Latin American area in 1965 probably came close to the near record level of trade achieved in 1964. Available indicators suggest a 7% rise in the value of U.S. exports to the region in 1966.

The improved prospects for U.S. trade with Latin America in 1966 stem from:

- Economic growth in most countries of the area is expected to be much improved over pre-1964 levels;
- Further progress in economic development and industrial expansion;
- Availability of substantial external assistance, including credits and loans from AID and other lending agencies;
- Continuing improvements in the financial situation and business climate in important trading countries, and
- Less severe import restriction due to improved balance-of-payments circumstances.

Mexico, our best customer in Latin America, experienced a slowdown in economic activity early in 1965, but recovered significantly after mid-year and expects continued expansion in 1966.

The Venezuelan economic boom continues to generate demand for imports, particularly more sophisticated equipment for the country's industrial expansion effort. Record national budget expenditures planned for 1966 in the public works field will also call for imported goods.

U.S. exports to Brazil dropped substantially in 1965, due in a large measure to the business recession that developed early in the year as the Government's stabilization program took effect. Economic conditions in this important country have improved greatly in recent months and an upturn in U.S. shipments is expected in 1966.

Favorable trade prospects characterize the outlook in Peru with continued strong demand for capital goods for private and public development requirements.

Good reserve position

Peru currently enjoys a favorable exchange reserve position and imposes a minimum of import restrictions.

The favorable price outlook for Chile's copper, large scale economic assistance by the United States, progress toward economic stability, and a possible inflow of private capital for new investment in copper production all point toward an expanding market for U.S. products in Chile in the months ahead.

U.S. exports to Argentina are expected to hold steady at about the 1965 rate. Prospects for increasing sales in this country will depend upon Argentina's ability to obtain foreign credits for development projects and official actions to modify restrictive import regulations.

The import liberalization program announced last September has improved the trade outlook in Colombia, which was not encouraging through most of 1965. Substantial foreign financial assistance, coffee export earnings at about the 1965 rate and possible new investment expenditures may improve Colombia's import capacity in 1966.

Generally encouraging business conditions prevail in Central America and Panama. With advances being made in economic integration of the countries in the Central American Common Market, some reduction in consumer goods imports and a greater need for capital goods and raw materials from abroad can be expected. Indicative of this changing interest was the highly successful U.S. exhibition of agricultural machinery and equipment held in El Salvador last November.

U.S. sales unaffected

Latin American Free Trade Association (LAFTA) efforts toward industrial integration have had but little effect on U.S. exports to member countries. Eventually some shift to increased demand for capital goods can also be expected in this group. Intra-LAFTA trade continues to expand.

More complete coverage of present conditions and the outlook in the principal countries of the region appear in the articles that follow. The smaller markets of Latin America offer many opportunities for U.S. exporters. Trade prospects are favorable in the smaller countries, with a few exceptions.

The business outlook is generally good in Paraguay with opportunities for sales by U.S. exporters expected to be good.

Bolivia's new customs tariff, announced in September, affords greater protection to domestic manufacturers and is causing some curtailment of imports competitive with local light industry. Within these limits the trade outlook in Bolivia is satisfactory.

The present economic climate in Haiti is not promising.

Uruguay will probably register a favorable trade balance in 1965, due largely to the effects of import restrictions. Improved trade prospects are not looked for in Uruguay at this time.

The Jamaican economy continued to expand in 1965, but also experienced a worsening of its already considerable trade deficit. Though the main factor responsible for the trade imbalance was the growth in imports of capital goods and raw materials, the continued need for these commodities to promote industrialization and development is likely to cause more restrictions on consumer imports.

Big jump

Stimulated by large sales of equipment and machinery to Trinidad and Tobago, U.S. exports to that nation rose markedly in 1965. U.S. exports should rise still further in 1966, but at a much diminished rate. On the less favorable side, Trinidad's export earnings are not growing, and the nation's balance of payments deficit is increasing.

Investment interest in Ecuador remains high and the sucre is stable, although the decline in export earnings from bananas has been only slightly offset by increased exports of other products. Restrictive import regulations are expected to continue in Ecuador, thus limiting any overall expansion in demand for U.S. goods.

The economic situation in the Dominican Republic is gradually improving, with the Provisional Government attempting, through a strengthened austerity and stabilization program, to achieve economic viability before the inauguration of an elected government in July. Continuing political unrest, however, makes the future uncertain in this country.

The Caribbean territories offer varied opportunities to U.S. exporters. These markets are small but total U.S. exports to them are about $300 million. The Department of Commerce has scheduled a Trade Mission to cover three important markets in the area next April and May: Surinam, Netherlands Antilles and British Guiana.

The preceding article was prepared by the staff of the American Republics Division of the Bureau of International Commerce.

Argentina

Economic recovery continues, but business community remains cautious

By J. M. von STROEBEL
American Republics Division, BIC

U.S. exports to Argentina increased slightly during 1965 and should hold steady during 1966.

Based on the pace of industrial recovery and the possibilities presented by the Economic Development Plan, the export outlook ordinarily should be a little brighter. The potential for increased sales, however, depends not so much on Argentine demand as on the nation's commercial policy, its ability to obtain financial support abroad and its success in attracting new investment.

With industrial production up almost 10%, the demand for imported raw materials and semi-manufactures has increased steadily during the past two years.

The Development Plan normally could be expected to provide opportunities for increased imports of needed capital goods and equipment. However, official policy continues to restrict imports and to require longer than usual commercial credits on capital goods.

Imports under the Development Plan depend on financing from supplier nations and on increased investment, but these in return depend on Argentina's ability to improve the investment climate and to convince creditor nations of the Government's ability and willingness to reduce inflation, to enforce a responsible fiscal program, and to increase export earnings.

The increased business tempo in the first nine months indicated a 7.5% increase in gross national product (GNP) for 1965. Although this must be viewed in the broad context that it represents a continuing recovery from the very low level of the 1962-63 recession, it is still a notable achievement. The Government predicts a 6% increase for 1966. Business and banking circles, however, see the prospects for 1966 as overcast. A greatly decreased grain crop and other factors have helped cause a tight money situation in the private sector which is compounded by the Administration's present restrictive credit policy.

Living cost up

The cost of living rose by about 26.6% during the first ten months of 1965. The peso continued to decline, with the officially supported free rate being devalued four times during the year, from a selling rate of 150 pesos to 190 pesos per dollar. The parallel rate, however, strengthened considerably late in the year, from a low in the range of 290 pesos to the 220's.

Argentine Imports, Jan.-Aug. 1965

Total imports	$793 million
From U.S.	$183 million
U.S. share	23%

Argentine Exports, Jan.-Aug. 1965

Total exports	$997 million
To U.S.	$ 63 million
U.S. share	6%

Argentina's chief imports from U.S.:
Machinery, motor vehicles and parts, chemicals, iron and steel, synthetic rubber, scrap iron and steel.

Chief exports to U.S.:
Canned meat, wool, casein, fuel oil, sugar.

U.S. exports to Argentina increased slightly to $195 million and imports from Argentina increased by 4.8% to $89.6 million during the first nine months of 1965. Export levels remained about the same for chemicals, crude materials, and mineral fuels; decreased for agricultural machinery and electrical machinery and apparatus; and increased by 16.4% to $30.7 million for industrial machinery, by 11.5% to $37.8 million for motor vehicle parts, and by 11.8% to $44.6 million for other manufactured goods.

Argentine exports valued at about $1,233 million during the first ten months, were up 5.3%, and imports of $996 million were up 16.1%, for a favorable balance of $237 million, down 24%.

Higher surplus

On a regional basis, during the first eight months of 1965, Argentina improved its trade surplus with the European Common Market from $215 million in 1964 to $250 million, maintained its favorable balance with the European Free Trade Association at about $43 million, and incurred a deficit of $23 million in its trade with the Latin American Free Trade Association, compared with a favorable balance of $40 million in 1964. The deficit resulted largely from greatly increased imports from Brazil.

The Development Plan calls for greatly increased foreign investment, and some renewed interest already has been aroused by the economic recovery. However, continuing inflation, fiscal and balance-of-payments problems, uncertainty over the Government's attitude toward business, and difficulties in making financial remittances continue to hinder the return of full business confidence.

Near record sales of wheat more than balanced decreased earnings from wool, meat, livestock products, and hides during the first half of the year. Improving cattle supplies after the severe shortage allowed some recovery in meat exports. The value of machinery imports decreased considerably, but imports of all other major commodities, such as iron and steel, chemicals, metals and manufactures, paper and paperboard, lumber, and fuels increased.

U.S. top supplier

The United States continued to hold its place as Argentina's largest single supplier, with about 23% of the total market during the first eight months of 1965. During this period, Brazil replaced Italy as second supplier, followed by Germany, Italy, and the United Kingdom.

Italy remained the largest market for Argentine goods, followed by the Netherlands, the United Kingdom, Germany, the United States, and Brazil. The value of exports to Brazil, Belgium, Germany, France, and Japan decreased, but increased to other major trading partners.

Private and official short-term external debts place a heavy burden on Argentine financial resources. The Government negotiated payment deferments on some official debts maturing in 1965, but the amount of relief was less than requested. Mounting applications for exchange remittances from the business community, met in part by the issuance of dollar bonds, have also burdened the Government.

These factors, together with the less favorable agricultural export outlook for 1966, have caused the business community to view the coming year with some misgivings.

Brazil

Foreign trade expected to increase as stabilization program yields results

By GERTRUDE HEARE
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U.S. exports to Brazil dropped substantially in 1965, but are expected to pick up again in 1966. The primary reason for 1965's low trade level was the industrial recession in Brazil, as the Government's stabilization program began to take effect; the reduction in shipments of U.S. wheat to Brazil was another important factor.

Brazilian business conditions began to perk up in June and showed considerable improvement by the end of the third quarter. The anticipated continuing rise in industrial production, an improved balance-of-payments position, and the favorable outlook for financing through project loan disbursements by the Agency for International Development (AID) and other U.S. Government entities and the international organizations are all expected to contribute to an improvement in U.S. exports to Brazil in 1966.

The initiation in November 1965 of approvals under the investment guaranty agreement between the U.S. and Brazil is also a positive factor.

Brazil's Imports, Jan.-June 1965

Total imports	$702 million
From U.S.	$194 million
U.S. share	28%

Brazil's Exports, Jan.-June 1965

Total exports	$962 million
To U.S.	$298 million
U.S. share	31%

Brazil's chief imports from U.S.:
Machinery, chemicals, coal, wheat, aircraft and parts, lubricating oils and greases, sulfur.

Chief exports to the U.S.:
Coffee, iron ore, sugar, manganese, cocoa beans, canned meat.

Growth resumes

Preliminary estimates of 1965 economic growth, based on January-June data, indicate an increase of 5% to 6% in the gross domestic product, compared with a decline of 2% in 1964. Declining industrial production in the first half of 1965 was more than offset by increased agricultural output, notably the large coffee crop after the unusually small crop in 1964. The trend of the economy in the latter months of 1965 gave hope that the Government's goal of an annual growth of 6% might be attained in 1966.

Business confidence in Brazil has risen with the gradual improvement in economic conditions. Significant stabilization measures taken by the Government in November appear to have been generally well received by the business community and to have restored confidence in the Government's financial and economic plans. The measures provided for a currency reform during 1966, an extension of the price control plan to the end of 1966, and a substantial exchange rate devaluation.

President Castello Branco, in announcing the new measures, noted that the introduction of the reforms considered essential by the revolutionary Government is almost complete.

The Government's efforts to slow down the inflationary spiral in Brazil became increasingly successful toward the close of 1965.

The Government now considers that the final phase of the stabilization program, the establishment of a stable price level, is at hand.

Total imports into Brazil were abnormally low in 1965. The value of imports, which reached $1.5 billion in each of the years 1960-63, fell to $1,264 million in 1964. The value of imports in January-October 1965 was estimated at only $922 million, a further reduction of nearly 12%.

The U.S. share of Brazil's import trade in January-August 1965 was 28%, down from 35% in 1964. The declining U.S. trade percentage was due principally to the East Coast shipping strike and a reduction in shipments of wheat. U.S. exports to Brazil showed a rising trend toward the latter part of the period January-October 1965, and were valued at $241 million for the entire 10-month period, compared with $316 million in the first 10 months of 1964. Brazil remains the third ranking market for U.S. products in Latin America.

U.S. exports to Brazil, aside from wheat and coal, consist principally of industrial raw materials, capital equipment, and highly specialized commodities.

Exports from Brazil in January-October 1965 were estimated at $1,307 million in value, compared with $1,429 million for the full year 1964. The U.S. accounted for 31% of Brazil's exports in January-August 1965 and for 33% in 1964.

The decline in 1965 in exports of coffee and other traditional export commodities such as cocoa, tobacco, and sisal was more than offset by a substantial increase in exports of iron ore and other products, including beef, hides and skins, corn, and rice, as well as by shipments of manufactured goods.

In mid-November, the exchange rate for the cruzeiro was sharply devalued from 1825/1850 to a new rate of 2000/2200 to the dollar (buying/selling). The move was designed to improve the competitiveness of exporters and provide a stable environment for the introduction of a new currency in 1966. The conversion rate will be 1,000 old cruzeiros to one new unit.

Restrictions eased

Simultaneously, exchange restrictions were eased. The 50%, 180-day, prior deposit requirement for exchange purchases and the 10% surcharge on import exchange cover were abolished.

Because of devaluation, however, net import costs will remain about the same for most products and will increase for a considerable group of imports, including petroleum, wheat, and imports using AID program-loan foreign exchange, previously exempted from the exchange charges.

The depreciation of the exchange rate benefits foreign companies bringing investment funds into Brazil, and the modified exchange regulations make profit remittances less costly. An important factor which may accelerate the investment decisions of U.S. companies is the investment guaranty agreement between Brazil and the U.S. which has now entered into full effect.

Central America

Good business conditions expected to boost trade with U.S. in 1966

By BRUCE B. SEVER
and THOMAS K. BREWER
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U.S. exports to Central America and Panama during the first nine months of 1965 totaled $333.8 million and were 7.6% higher than the same period of 1964. This increase reflected generally good business conditions in the area, especially in Guatemala and Nicaragua.

The advances being made in economic integration in the Central American Common Market (CACM) are highlighted by an increase in intra-area trade, diversification of exports and an overall gross national product growth rate of 6%. These substantial gains are largely due to the growth of the internal market as trade barriers are removed, the attraction of foreign investors, the confidence of the private commercial sector, and the sound use of external aid.

Economic development and integration of the region are reducing and eliminating certain consumer goods imports and increasing the need for machinery, construction equipment, vehicles, farm equipment and raw materials.

Costa Rica

Through September, U.S. exports to Costa Rica were valued at $44.5 million, approximately equal to the total during the like period of 1964. However, at mid-1965 the U.S. share of the Costa Rica import market was only 40%, compared with 46.4% a year before. The outlook is for a small increase in U.S. exports in 1966, but not enough to recapture the former U.S. share.

Costa Rican import increases in early 1965 consisted largely of industrial and agricultural machinery from EEC countries and Canada, and hydro-electric machinery from Japan.

Increases in wage and labor benefits in 1966 will raise consumer purchasing power. The $10 million loss of earnings to Costa Ricans when the 1964/65 coffee crop was damaged by volcanic ashfall is not likely to be repeated in 1966.

A flood of industrial contracts approved in 1965 should stimulate economic activity in 1966.

El Salvador

U.S. exports to El Salvador fell during the first nine months of 1965, reaching only $44.4 million compared with $49 million for the same period of 1964. In contrast, total imports by El Salvador have been rising—12% during the first six months of 1965.

The U.S. share of the market dropped to 33% during the first two months of 1965 after remaining steady for 18 months.

The trade loss was picked up largely by Japan which advanced to second place as a supplier, mainly through the sale of small automobiles.

U.S. sales in 1966 may recover part of this loss as a result of a successful U.S. exhibition of agricultural machinery and supplies at the El Salvador International Fair during November.

Despite earthquake damage last May, El Salvador's industrial complex continues to grow, with further gains at a reduced rate expected in 1966. International reserves also improved and government revenues increased in 1965.

Guatemala

The value of 1965 U.S. exports to Guatemala by the end of September was $71.6 million—a sharp increase over the first nine-months of 1964. Guatemala trade figures indicate that U.S. exporters may be increasing their share of the Guatemala market (44.5% in 1964). Guatemalan statistics put mid-year 1965 total imports at a moderate 5% higher than at mid-1964. The outlook is favorable for further expansion of U.S. exports to Guatemala during 1966, at a rate of about 10%. This would amount to approximately half of the 18.2% gain during the first three quarters of 1965.

Several factors indicate a decreased rate of economic expansion in 1966. Banana exports have been off 50%, cotton advance sales and prices were down slightly, and a coffee surplus appeared to be accumulating. A trade deficit is expected for 1965 and bank credit is reportedly tight. Economic growth in 1965 probably did not reach the 7% increase registered in 1964.

Honduras

An increase of 4% was registered in U.S. shipments to Honduras which totaled $38.2 million during the January-September 1965 period. U.S. exports showed competitive weakness at mid-year according to Honduran import statistics, which indicate the U.S. share was down slightly from the 48.8% registered in 1964. U.S. sales should continue to expand in 1966 at a rate of about 4%.

All major financial indicators registered gains during 1965, and the gross national product increase of about 6.5% is expected to be bettered in 1966. The private sector is expected to set new production and expansion records, particularly in the north coast city, San Pedro Sula.

New public investment projects scheduled for 1966 will hopefully overcome the sluggish performance in this sector in 1965.

Nicaragua

By October 1, U.S. exports to Nicaragua had reached $50.7 million—well above the level at the same time in 1964, but probably not enough to maintain the U.S. share of the Nicaraguan market. The U.S. share had declined by two percentage points to 47% in 1964 despite a similar rise in the value of U.S. exports. The trade trends of 1965 are likely to be repeated in 1966.

The Nicaraguan economy is maintaining a high rate of growth (8.1% annually in the period 1961-64). Advance deposit requirements on imports were completely removed on October 1. The national budget for 1966 projects a 26% increase in expenditures, principally for public works and especially roads, without increasing tax levels.

Panama

U.S. exports to Panama in the first three quarters of 1965 totaled $84 million. Total U.S. sales to Panama in 1965 appear likely to exceed the $110 million of 1964 by approximately 4%, if the usual fourth quarter seasonal rise occurs. Indications are that the U.S. share of the slowly expanding Panamanian import market will remain at 43%.

Public development programs in areas of basic and export agriculture, housing, electric power and urban sewerage are in large part accountable for past and predicted import increases.

A national growth rate of 7% in 1966 appears likely to be realized as planned, despite postponement by some foreign investors of decisions to invest in Panama pending its decision on entering the CACM.

Chile

Stabilization program shows results; U.S. market share continues to slip

By LOUIS J. MURPHY
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Chilean Imports, Jan.-June 1965

Total imports	$248 million
From U.S.	$ 90 million
U.S. share	36%

Chilean Exports, Jan.-June 1965

Total exports	$352 million
To U.S.	$111 million
U.S. share	31%

Chile's chief imports from U.S.:
Machinery, chemicals, motor vehicles and parts, iron and steel, wheat.

Chief exports to U.S.:
Copper, iron ore, nitrogenous fertilizer materials, grapes.

Chilean imports in 1966 are expected to reflect the renewed strength of the economy and climb about 15% over the 1965 level. The greatest import growth is likely in product categories of raw materials and capital goods contributing most directly to economic development.

The availability of foreign exchange should continue to improve, due to a very favorable 1966 price outlook for copper, the expected continuance of large-scale U.S. economic assistance and other international lending, the successful 1965 debt renegotiations and an expected inflow of private capital arising from new investments in the copper industry.

A large trade surplus, a vastly improved balance-of-payments situation, and success in holding the increase in the cost-of-living for the year to within the target of 25% are concrete signs of Chile's 1965 progress toward economic stabilization. The government also has moved forcefully towards implementing a series of economic and social reforms intended to accelerate economic development and give large segments of the population greater participation in the fruits of the economy. These developments have resulted in the most favorable outlook in recent years.

Official Chilean statistics for the first six months of 1965 show exports of $352 million and imports of $248 million, leaving a favorable balance of $104 million as compared to $17 million for January-June 1964. Estimates project a continuation of this favorable trend, with total 1965 exports reaching approximately $675 million and imports amounting to $520 million.

The problem of commercial arrearages has been greatly reduced. Though foreign exchange cannot be remitted until the mandatory 120-day waiting period has elapsed, exchange futures to cover payments for all approved imports may now be sold to importers in the 90-day futures market, provided the goods have cleared Customs and the corresponding certificate of clearance has been turned over to a commercial bank.

Central Bank active

The Central Bank has also been exercising its authority to reject import requests when total import applications in any category exceed the previous 12-month average by more than 5%.

While business confidence has risen along with the improving economy and the business community has generally responded favorably to the Frei Administration's repeated calls for co-operation, restrictive import and monetary policies have affected the commercial sector.

Increased import restrictions have forced industries whose products have a high percentage of imported components to operate with dwindling inventories.

Current payment delays are largely due to the inability of importers to make the required escudo deposits because of the tight commercial credit situation.

As 1965 drew to a close, there were growing complaints from the commercial sector concerning the inhibiting effects of the credit situation.

U.S. statistics for trade with Chile during the first nine months of 1965 show an increase of approximately 23% in U.S. exports to a total of $164.3 million. These figures show no major changes in the main export commodity categories, with chemicals, manufactured goods, machinery and transport equipment accounting for $129 million, or approximately 79% of the export total.

Chilean trade figures for the first half of 1965 show the U.S. share of the import market at 36%, down slightly from the 37% for the comparable period of 1964. While this reduction is based on provisional figures, it continues a downward trend which has dropped the U.S. share of the Chilean market from 53% in 1959.

The demand for capital goods and raw materials for domestic industry is expected to show renewed vigor as the pace of economic development accelerates in 1966.

Enactment of the crucial copper legislation is expected to result in substantial new investments in the copper mining sector during 1966, creating a significant opportunity for additional exports of U.S. capital goods.

Consumer and other non-capital goods will continue to be restricted, but even these are expected to show modest increases.

Best potential

The following areas offer particular potential for increased export sales, both in 1966 and after:

Housing—The Chilean Government has committed itself to construct 360,000 low-cost housing units by 1970. Imports of various types of construction machinery, tools, and special steels and steel products should reflect this activity.

Petrochemicals—The Chilean Development Corporation is presently attempting to stimulate investor interest in a domestic petrochemical industry. U.S. export opportunities exist for specialized machinery and other capital goods for these projects.

Highway improvement—A new modernization program for the maintenance of the Chilean highway system should create the need for a sizeable amount of imported machinery and equipment.

Other programs—Similar opportunities for increased exports result from projects such as the State Railway modernization program begun in 1965, the projected construction of a new microwave network, Government plans to establish new rapid transit facilities in major urban areas, the proposed establishment of a Chilean electronics industry, and the planned $11.5 million construction of the port of San Vicente.

Colombia

Marked increase in sales of U.S. goods is expected during 1966

By HERBERT A. LINDOW
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Colombian Imports, Jan.-Aug. 1965

Total imports	$314 million
From U.S.	$149 million
U.S. share	47%

Colombian Exports, Jan.-July 1965

Total exports	$311 million
To U.S.	$136 million
U.S. share	44%

Colombia's chief imports from U.S.:
Machinery, chemicals, motor vehicles and parts, aircraft, wheat, iron and steel.

Chief exports to U.S.:
Coffee, petroleum, sugar, unmanufactured tobacco.

The outlook for U.S. exports to Colombia in 1966 has improved markedly over 1965. Total Colombian imports are expected to increase from an estimated $500 million to about $600 million in 1966.

The favorable outlook for U.S. exports is mainly due to a new $102.5 million Alliance for Progress Loan Program signed by the United States and Colombia on December 20, and to a new $36.5 million stand-by arrangement between Colombia and the International Monetary Fund.

Under the loan program, $65 million will be used to pay for imports of goods and services from the U.S. This assistance, receipts from coffee exports, and some increase in net investment should permit financing of the higher import level expected in 1966. Colombia is also working on import liberalization.

The import liberalization program calls for freeing at least 50% of the imports on the intermediate list (about 75% of all imports by value which are now paid at the rate of 13.50 pesos per dollar) from prior import licensing controls before April 1. Further liberalization may occur after that date.

The remainder of Colombia's imports will continue to be on the preferential list and be paid for at the rate of 9 pesos per dollar. Import licenses must be obtained for imports on this list, which is composed mainly of agricultural goods, chemicals and drugs.

Prior import deposits on imports in the intermediate market will also be reduced at a rate of 5% a month until eliminated.

Government investment expenditures on development projects are slated to increase about 17% over 1965 levels. Private investment expenditures, particularly by petroleum companies, will probably also increase somewhat over 1965.

Replenishing stocks

A further reason for higher import levels in 1966 is that businessmen are replenishing their stocks, which reached very low levels during the first three quarters of 1965 because of import curbs.

During that period import registrations averaged only about $31 million, a considerable decline from the average of $45 million per month during recent years. When import controls were relaxed in October import registrations soared to $78 million, but are expected to decline to an average of $45 million monthly.

A high volume of imports will probably continue until March, by which time the import backlog will have been cut.

Preliminary estimates indicate that gross domestic product (GDP) declined from a growth rate of 5.3% in 1964 to 4.7% in 1965. GDP growth in per capita terms fell from 2.2% to 1.6%. The outlook for 1966 is for GDP to grow between 5-6% in real terms, in view of the greater availability of imports.

Reforms bolster confidence

Business confidence was bolstered in the last quarter of 1965 following the announcement of economic reforms, including changes in the exchange rate structure, import liberalization, and a host of fiscal and monetary measures.

Nevertheless, businessmen have been encountering some difficult problems. Many have been caught in a cost-price squeeze as a result of strict Government price controls. Costs have been mounting recently because of higher duties on imports, a 50% increase in the cost of most foreign exchange, and higher domestic costs. Credit has continued to be tight.

Businessmen are also watching the political scene, as congressional and presidential elections are scheduled for March and May, respectively.

Total Colombian imports were valued at $313.7 million at the end of the first eight months of 1965. This was a decline from $394.4 million in the same period of 1964. Imports from the United States during the period declined from about $192 million to $148.6 million while the U.S. share of Colombian imports edged lower from 48.9% to 47%.

The principal reasons for the decline in the U.S. share of Colombia's imports were cutbacks in imports of United States automotive vehicles parts, stagnation of agricultural commodity imports under the PL 480 program and preferences given to certain goods imported from member countries of the Latin American Free Trade Association (preferences eliminated May 7, 1965), as well as to certain goods from countries with which Colombia has bilateral agreements.

Product categories which appear to offer the best opportunities for U.S. exports in 1966 include automotive and earth-moving parts, a wide variety of parts for industrial machinery, pigments and solvents, organic and inorganic chemicals, synthetic resins and fibers, essential oils, surface active agents, pulp and paper, lubricants, paraffin, and other petroleum derivatives, abrasives, glass, brick, pencil leads and slates, tallow, naval stores, trucks and cars for local assembly, crawler tractors, iron and steel pipe and fittings, iron and steel structural shapes, valves, small power tools, welding equipment, small electrical equipment and fractional horsepower motors, metalworking machine tools, and earth-moving equipment.

U.S. suppliers should also consider supplying goods needed by Colombia for development projects financed by international lending agencies. In late 1965 the Interamerican Development Bank made loans of $8.1 million and $1 million to the Central Hidrolelectrica de Caldas and to the University of the Andes, respectively.

The projects involved the construction of a new hydroelectric plant in Caldas and the improvement of facilities, including laboratory and research equipment, at the University.

Mexico

Moderate trade increase expected in '66, as 6% growth target should be surpassed

By KATHERINE E. RICE
American Republics Division, BIC

Mexican Imports, Jan.-July 1965

Total imports	$890 million
From U.S.	$590 million
U.S. share	66%

Mexican Exports, Jan.-July 1965

Total exports	$610 million
To U.S.	$360 million
U.S. share	59%

Mexico's chief imports from U.S.:
Machinery, motor vehicles and parts, scrap iron and steel, iron and steel, natural gas, synthetic rubber.

Chief exports to U.S.:
Petroleum and products, coffee, sugar, tomatoes, shrimp, sulfur, lead, fluorspar, zinc.

Favorable economic factors in 1965, carrying over into 1966, promise a continued expansion of Mexico's trade. Contributing to the improved outlook, particularly after mid-1965, were a 6% rise in Mexico's GNP, increased public spending and investment activity, continued strong investment by the private sector, government control of prices, substantial reserves ($553 million on September 1) and foreign credits, recognition of the peso as "hard currency," and a flourishing tourist trade.

In the first half of the year Mexico's annual growth rate was 6%, compared with 10% in the boom year 1964, and was expected to approach 7% for the year. If the Mexican Government's programs soon get rolling, the 1965-70 goal of a minimum annual growth of 6% should be achieved and possibly surpassed in 1966.

A slowdown in economic activity early in 1965 caused the financial and business community some uneasiness. This uncertainty resulted from the tightening U.S. balance-of-payments program, political events in the Dominican Republic, the Government's modification of Mexico's sulfur export policy, rumors of further moves in the "Mexicanization" program, and the lag in public sector activities.

However, by mid-year, it was conceded that these developments had not significantly affected the economy, as both commerce and industry experienced a good rate of activity, and private investment took up the slack of reduced capital investment outlays by Government.

The Mexican Administration's promise to make its overall economic development program public by year's end, the announcement of some departmental programs, a seasonal rise in public spending, and an improving economic growth rate restored business confidence to a new high as the year ended.

Containment of inflationary pressures, a major concern of the Administration, was carried out despite efforts of the Federated Chambers of Commerce to have the Government lift or modify price ceilings on essential cost of living items. The result was a slight drop in the wholesale price index in August from the previous August, to 150.6 from 150.8 in August 1964.

Foreign trade held up well in 1965, although the rate of growth was below the exceptional performance of 1964. Mexican trade data show that total imports rose 7% in the first eight months of 1965, to $1,043 million. The 1964 import increase over the similar period was 20%.

Export data for the first seven months indicate a bare 0.3% increase in 1965, compared with a 15% rise in 1964.

The United States share of the market declined to 65.9% in the first eight months of 1965, from 68.1% in the corresponding months of 1964. However, the value of U.S. sales rose by 3.6% to $687.7 million.

U.S. trade figures for January-October, although not entirely comparable in 1964 and 1965, indicate that U.S. sales to the Mexican market for the year 1965 were about $1,086 million ($1,022 million in 1964). An estimated increase of 4½% in 1966 would raise this annual total to $1,135 million.

During January-July imports from Germany, United Kingdom, France, Japan, Switzerland and Holland rose by comparison with the same period a year earlier, while imports from Canada and Italy declined.

LAFTA trade

In the first half of 1965 Mexican imports from LAFTA rose to $11.6 million, from $7.9 million in the first half of 1964. Mexico's exports to LAFTA during January-July 1965 rose to $16.6 million from $14.4 million in the same 1964 period.

Import tariffs continued to be restrictive, and protective of national production. Import license requirements were applied to a large number of products in 1965, as these became available from domestic manufacturers.

In its efforts to eliminate the trade deficit, Mexico offers export credits and tax reductions or exemptions to stimulate exports of manufactured goods. The policy of eliminating import duties on raw materials used in goods manufactured for export is expected to continue.

Best sales chances

Product categories offering the best opportunities for U.S. exporters in 1966 are producer goods and raw materials for manufacture, such as iron and steel scrap; metal-working machinery; textile machinery, electric power-generating equipment and electrically-powered industrial machinery; electronic and communications equipment; agricultural and allied industrial machinery; chemicals; medicinals, pharmaceuticals, and medical/surgical equipment; packaging machinery; automotive vehicle maintenance equipment, locomotives, aircraft, technical instruments; and photographic equipment.

A Department of Commerce-sponsored trade exhibit of industrial equipment will be held in Mexico City in mid-1966. It will feature metal working machinery, packaging machinery, and industrial instrumentation.

Private investment in Mexico, which had declined for several years while increased public investment maintained the balance, was an important factor in supporting the economy during 1965 while public investment expenditures were braked to restrain inflation. New foreign investments also contributed substantially to the growth of private investment in 1965, and were at an all-time high of $180 million.

Peru

Healthy rise in U.S. exports expected; business confidence bolsters economy

By RICHARD H. MULLINS
American Republics Division, BIC

Peru's Imports, Jan.-June 1965

Total imports	$328 million
From U.S.	$124 million
U.S. share	38%

Peru's Exports, Jan.-Feb. 1965

Total exports	$99 million
To U.S.	$28 million
U.S. share	28%

Peru's chief imports from the United States:
Machinery, motor vehicles and parts, chemicals, iron and steel, aircraft, wheat.

Chief exports to the United States:
Copper, fishmeal, sugar, coffee, lead, zinc.

The outlook for trade with Peru in 1966 is favorable, with U.S. exports expected to increase by 5%-10%, but it is unlikely that the 27% growth achieved during the first ten months of 1965 will be repeated.

The trade increase is anticipated to reflect an estimated 5% real growth in gross national product, continued strong demand for capital goods for both public and private development, a relatively strong exchange reserve position, and a minimum of trade restrictions.

Overall expansion of the economy is not expected to be as great as the 6% real GNP growth estimated for 1965. Exports are expected to increase more slowly than imports because of a slowdown in the expansion of fishmeal exports and anticipated low prices for agricultural exports. Peru's imports, on the other hand, which increased 21% during the first nine months of 1965, are expected to grow by another 5 to 10% during 1966. The smaller increase is foreseen mainly as a result of slower economic growth. Further increases in the cost of living, which is estimated to have risen by approximately 15% in 1965, are anticipated during 1966.

Business conditions at the year's end were characterized by the strong uptrends in evidence throughout the year, thus sustaining business confidence. During the first nine months of 1965 sales of cement increased by 31% and registered installment sales were up 19%. Other key indicators such as electric power consumption and gasoline sales, were also higher.

Investment growth

New or expanding investments continued to provide new employment and markets for both imported and domestic equipment and material. These included investments in copper mines, automobile assembly, and the Government's large development program.

Gold and foreign exchange reserves fell rapidly in October and November due to debt repayments and large import purchases.

The cost of living showed a strong uptrend in the first four months of 1965, but flattened out during the second five months. Nevertheless, there are inflationary pressures on the economy, such as the trend toward more costly wage settlements. At least a part of the surge in imports is thought to be caused by the comparatively cheaper cost of imports.

U.S. exports to Peru for the first 10 months of 1965 reached $230 million. A change in classification makes a precise comparison with 1964 impossible, and helps account for the fact that published data indicate that U.S. exports to Peru are approximately 20% ahead of the 1964 level. Exports for the full year 1965 are estimated at $280 million and exports of at least $300 million are forecast for 1966.

As of mid-1965, the U.S. share of Peruvian imports was 39.4% compared to 41% during the same period in 1964. Growing demand for foodstuffs and continued strong demand for capital goods to support both private and public development are expected to keep the U.S. share of the Peruvian import market for the full year 1965 and for 1966 close to the 40.7% achieved in 1964.

Quantitative trade barriers affect trade with Peru only to a very limited extent. Importers must obtain licenses for only about a dozen items, and no prior deposits are necessary. Exchange can be obtained readily at the free rate of 26.82 soles per dollar, which has been applicable to all persons and businesses both within Peru and abroad since mid-1960. In the absence of non-tariff trade barriers, imports into Peru are regulated by the levels of import duties.

Although duties on most items lie within a relatively narrow range, they are on the high side for luxury and nonessential items and on goods similar to those produced within the country. Peru's development laws specifically provide for tariff protection to industries which are capable of supplying Peru's domestic needs.

Consumer goods not produced in Peru enter at relatively lower duty rates. Much machinery and equipment for use in mining, agriculture, construction, and manufacturing may be exempted upon application to the Ministry of Development.

Peruvian businessmen are familiar with U.S. products and there is strong demand for them. However, stern competition from other foreign suppliers makes it imperative that U.S. exporters offer favorable credit arrangements and service, since these are also important factors in the overall export package.

The major groups of U.S. exports have been electrical and non-electrical machinery, transport equipment, chemicals and pharmaceuticals, metal manufactures, and foodstuffs, a significant portion of which have been sold under the U.S. commodity surplus export program.

Most promising

Specific categories of goods believed to have the best sales prospects include: agricultural machinery and equipment, roadbuilding and construction equipment, industrial machinery, automatic vending equipment, industrial chemicals, chemical fertilizers, lubricating oils and greases, modern housing materials such as plastics, fixtures, and hardware, automotive maintenance and repair equipment, food processing machinery, equipment for fishing ship construction, and navigation, safety, and fish-finding gear for fishing vessels. Other opportunities were discussed in reports writen by members of a U.S. Government-sponsored trade mission in the September 27 issue of INTERNATIONAL COMMERCE.

Venezuela

Prolonged economic boom keeps demand for imports of U.S. goods at peak levels

By GARY D. ADAMS
American Republics Division, BIC

U.S. exports to Venezuela

January-October 1965 $513 million

U.S. imports from Venezuela

January-October 1965 $838 million

Chief U.S. exports:
Machinery, motor vehicles and parts, chemicals, iron and steel, wheat, textiles and textile articles.

Chief U.S. imports:
Petroleum and products, iron ore, coffee, shrimp.

Source: U.S. Bureau of the Census.

Venezuela's imports rose by 7% to a level of $1.3 billion during 1965, and are expected to go up another 8% in 1966. U.S. exports to Venezuela amounted to about $630 million during the past year, and they are also expected to increase by 8% in the coming year.

Venezuela's prolonged economic boom is generating a strong demand for imports, which the country's large exchange reserves ($811 million in October 1965) are fully capable of financing.

Some observers expect a slight dampening of the rapid rate of industrialization as Venezuela approaches the limits of its capacity to substitute domestic production for imported goods. Thus far, however, no slowdown has been detected.

Government planners have repeatedly stated that Venezuela is now entering a new phase of industrial development in which future growth will depend on the country's ability to expand its production of intermediate and industrial goods. Consequently, the government is planning large outlays of public funds to develop such basic industries as the petrochemical and metallurgical, as well as encouraging private investments.

Sophisticated equipment

For U.S. exporters this will mean a continuation of the trend toward the provision of more sophisticated industrial equipment and semi-finished materials. Large industrial projects will create especially good opportunities to export machinery, raw materials and technical assistance which American firms will be in an ideal position to supply.

The national economic development plan for 1965-68 calls for an annual economic growth rate of 8%, equal to the increase registered in 1964 when imports jumped by about 20%.

Added impetus will be provided to 1966 economic growth by record national budget expenditures of $1.7 billion, much of which is allocated for public works, health and welfare projects.

Business confidence has remained generally high although the business community has expressed concern over the nation's recently-announced plans to join the Latin American Free Trade Association (LAFTA).

Despite the almost unanimous opposition among businessmen, the Venezuelan Government took the initial steps to apply for LAFTA membership last November at Montevideo. Businessmen give a variety of reasons for their opposition:

(1) Producers fear that without adequate tariff protection the Venezuelan market will be deluged by lower cost goods from other LAFTA members to the detriment of local products;

(2) they believe Venezuela will not make any immediate gains on the export side, as the nation is claimed to produce few products with export potential in Latin America, and

(3) many members of the business community seem to feel that LAFTA is an ineffective body for Latin American economic integration.

The Government has discounted the importance of these objections and appears dedicated to entry into LAFTA. It has pointed out that LAFTA concessions only affect about 2% of Venezuela's total trade and could have few harmful effects. The Government feels that Venezuela must expand its markets in order to maintain rapid economic development, and holds that Venezuela simply cannot isolate itself from a movement of regional economic integration like LAFTA. A special committee is examining a list of 900 national products to determine the impact that LAFTA membership would be likely to have on them.

Moderate increases

U.S. exports to Venezuela, valued at $512.7 million during the first ten months of 1965, registered only a moderate increase over the same period in 1964. Part of the sluggishness of U.S. exports to Venezuela may be attributed to two U.S. dock strikes during the first six months of 1965.

A barter agreement between Venezuela and Poland, announced last July, could be significant to U.S. suppliers of agricultural equipment. Venezuela will exchange 22,000 metric tons of surplus rice for a reported $560,000 worth of Polish tractors and farm equipment.

Restrictions were applied in recent months to a range of imports including textile products, boxes, cases and crates; bicycles; formaldehyde; rubber bars, hoses, and sheets; and motion picture films. Restrictions are expected on certain fruit flavoring extracts.

Products needed most

Venezuela offers good sales opportunities for U.S. suppliers of commodities that are needed to sustain the nation's intensive pace of industrialization and economic development. Several product categories which appear to offer exceptionally good export opportunities during 1966 include:

Metalworking machine tools—Government plans call for new investments of about $150 milion in metallurgical industries during the next 3 years. Imports of metalworking tools are expected to expand from the 1964 level of $13 million to over $16 million annually by 1968.

Food processing and packaging equipment—Imports reached an estimated $4.3 million in 1964 and should continue to expand rapidly in response to the ever-widening consumer market for prepared foodstuffs.

Materials handling equipment—With estimated imports of $4.5 million in 1964, the demand for this equipment is expected to double in the next few years. Factors contributing to the demand for this equipment are the growing proliferation of manufacturing plants; increasingly sophisticated and expanded warehousing facilities; and the increasing pressure on local business to reduce costs.

The Department of Commerce is tentatively planning a United States trade exhibition in Caracas in 1966 that will give producers of these three categories of goods an inexpensive yet highly effective way to demonstrate their products directly to important Venezuelan purchasers.

Western Europe

EEC crisis clouds otherwise favorable outlook, but import needs keep growing

By WALTER BUCHDAHL
European Division, BIC

While most indicators in the majority of Western European countries point to further economic growth in 1966, the dark cloud on the generally bright horizon is the crisis in the European Economic Community (EEC), brought on by France's walk-out from the EEC Council of Ministers. If the EEC can resume its full activities in early 1966, continuing economic integration of the individual EEC markets should result in another considerable increase of economic activity. On the other hand, if the crisis should be protracted, a slump in the EEC's economies would also affect her European trading partners for whom the Community is by far the most important export outlet.

This, in turn, would materially influence the chances for increasing U.S. exports which otherwise appear bright in most countries.

Apart from the EEC crisis, steady growth is expected for each of the national economies. The Gross National Product (GNP) in most instances is expected to increase at about the 1965 rate, ranging between 4 and 5%.

In France, a large U.S. customer, the 1966 increase is expected to be 4.5% as compared to a 2.5% rise in 1965. Italy's GNP should be up 5%, compared to 3% in 1965. Both countries are gradually pulling out of a slowdown of their economies, assisted by vigorous government programs to expand economic activity.

The increase in German GNP is expected to be somewhat less than in 1965 (4.2 versus 5%) but still represents a substantial gain in view of the size of the economy.

The United Kingdom's GNP is likely to repeat its satisfactory performance of 1965, showing an increase of 3%. Economic stimulants which resulted in an estimated 1965 GNP growth of 6% in Spain and Yugoslavia should prevail again in 1966, resulting in significant sales opportunities in these countries.

There is still danger of inflation in several European countries. However, government programs to counteract overheated economies, as well as slackening of consumer demand in some cases, resulted in a somewhat more gradual increase in consumer prices during 1965. Nevertheless, continuing labor shortages will probably result in some wage increases.

Generally speaking, there does not seem to be danger of runaway inflation in any major area. The European governments, individually as well as collectively in the Organization for Economic Cooperation and Development (OECD), are keeping tabs on price or wage increases which might threaten economic stability.

In 1965 imports increased in practically every Western European country, although there were wide differences in the growth rates. Preliminary figures, usually for the first nine months, show increases from 2% in Switzerland to a whopping 22% in the Federal Republic of Germany, and a tremendous 33% in Spain.

Expected further growth in most European economies should expand imports still further, especially in countries such as Germany where rising demand must be partly satisfied by additional imports. The import growth rate may hold 1965 levels in some countries, while in others it may even be greater.

To keep pace with both internal and external demand—exports in most countries are rising faster than imports—the need for raw materials, semi-manufactures, and machinery to keep factories and workshops humming should increase even more than in 1965.

U.S. should benefit

The United States, like any other exporting country, stands to benefit from the expected increase in demand. In the first 10 months of 1965, U.S. exports to most Western European countries, with the major exceptions of Italy and France, increased significantly over the comparable period of 1964. The U.S. share in total imports decreased slightly in most countries, but since full year statistics are not yet available, so it is possible that some of these losses in our relative standing were regained in the last quarter.

The strong 1965 performance of U.S. exports to Europe was achieved despite increasing tariff differentials as both the EEC and EFTA cut their internal duties by an additional 10-percent on January 1, 1965. Despite such adverse factors the absolute volume of imports from the United States, increased substantially, so there is reason to believe that a similar and possibly more pronounced increase may occur in 1966.

Chances for greater U.S. sales are particularly good in France and Italy, as economic activity in both countries is picking up again. In the Scandinavian countries and Germany, more imports will be needed to offset pressures on prices.

In relative terms, Spain continues to be our most promising customer. Spanish imports of U.S. goods gained 57% in the first 9 months of 1965, bringing our share of the Spanish market to a new high of 19%. The Spanish outlook is further enhanced by new liberalization measures.

The U.K. austerity program, on the other hand, may have a slowing effect upon imports in general, including those from the U.S.

Rougher competition

Despite the expanding nature of most European economies, competition for these markets will become tougher as more countries attempt to increase their sales in this prosperous region.

Effective January 1, 1966, U.S. trade will have to overcome another 10% cut in the internal EEC and EFTA tariff rates. This will raise the already considerable tariff disadvantage facing U.S. goods up to 80%. However, the tariff differential may not be too important for some U.S. goods, since price considerations may be secondary to the customer's requirements. This factor is particularly important for U.S. products featuring sophisticated technical advantages.

In the long run the tariff differentials may become more cumbersome, however, especially since both EEC and EFTA duties on internal trade are to be completely eliminated by January 1, 1967. The success of the Kennedy Round negotiations is therefore increasingly important to the U.S. exporter who wants to take full advantage of the bright economic opportunities in Western Europe.

Here again the success of these negotiations is intricately bound up with the resolution of the EEC crisis. A satisfactory solution will benefit world trade and enable the U.S. to maintain and improve its standing.

One indispensable requirement, of course, is that the U.S. business community does not let up in its search for larger and additional markets in Western Europe, an effort which has been admirably successful in the last few years.

Austria

U.S. exporters face uphill battle to regain former market position

By JOHN A. CANTWELL
European Division, BIC

Austrian Imports, Jan.-Oct. 1965

Total imports	$1,697 million
From U.S.	$ 73 million
U.S. share	4%

Austrian Exports, Jan.-Oct. 1965

Total exports	$1,315 million
To U.S.	$ 56 million
U.S. share	4%

Austria's chief imports from U.S.:
Industrial and office machinery, non-ferrous ores, tobacco, cotton, chemicals, food products, grain and coal.

Chief exports to U.S.:
Machinery, motorcycles, bicycles, shoes, magnesite, glassware, clothing, costume jewelry, toys and sporting equipment.

While Austrian trade levels rose during 1965 and imports are expected to grow another 7% during 1966, U.S. exports to Austria face an uphill battle to regain their 1964 position.

Austrian purchases of bulk U.S. commodities fell off so sharply that they obscured the moderate gains made by U.S. manufactures.

Austria's skyrocketing domestic demand and the concentration of domestic industrial expansion on the export market, are almost certain to create a continuing and growing need for imports, especially of manufactured goods.

Despite continuing inflationary pressures and the heavy damages inflicted by the 1965 floods, the favorable development of Austrian export trade and the continued growth of the profitable tourist trade indicate that the nation should be able to support the expected growth in its imports.

Austria's gross national product (GNP) in 1965 will not reach the 6% real growth rate recorded in 1964. Estimated real growth for the first and second quarters of the year were 4.5 and 3%. Bad weather has hampered agriculture and construction and, to a lesser degree, industry and transportation.

A 4% GNP growth rate in constant prices is forecast for 1966.

A rise in retail turnover and increasing retail orders at the wholesale and producer levels, combined with the high rate of imports, are interpreted as signs of livelier business activity as 1965 gives way to 1966.

The consumer price index at the end of third quarter 1965 was approximately 6% higher than in September 1964, when the index was 5% over 1963. Cost increases, especially for foodstuffs, but also for apparel and household items and certain services, were the predominant factors.

Foreign trade

Austrian foreign trade in the first ten months of 1965 was much higher than during the same period in 1964. Total Austrian imports of $1,697 million were up 11% while exports of $1,315 million were up by about 10%.

Austrian imports from fellow-EFTA countries accounted for 15% of total imports and its sales to EFTA nations represented 18% of total exports. Austrian trade with the Common Market, both imports and exports, rose by about 3% and constituted 59% of Austrian imports and 47% of exports. Trade with Eastern Europe increased about 5% in both directions.

Austria's imports from the U.S. amounted to $73 million between January and October, a dip of 8% below the same period of 1964. Exports to the U.S. rose by 13% to $56 million.

Major factors in the reduced U.S. exports to Austria were sharp drops in Austrian purchases of bulk items, especially corn and bituminous coal, which together accounted for approximately 19% of the cash value of U.S. shipments to Austria in 1964. In the first eight months of 1965, Austrian imports of U.S. bituminous coal were 61% lower than during the same period in 1964 and Austrian purchases of U.S. corn fell 97%.

Rest gained 8%

When these two items are deducted from the trade figures for 1964 and 1965, the remainder of U.S. exports to Austria were approximately 8% higher in the first eight months of 1965.

In general, U.S. exports to Austria in 1965 were characterized by heavy drops in grains and fuels and a moderate decline in chemical products hiding the gains made in exports of semi-finished goods, machinery and individual items such as tobacco and wearing apparel.

In view of the expected 5% rise for 1966 in Austrian consumer spending, income, capital investment and construction, the potential for continued increases in U.S. exports of manufactures and semi-manufactures to Austria appears good, while the outlook for bulk commodities is unpredictable.

Water resources in 1965 were at optimum levels for generation of hydroelectric power. Decreased use of coal for thermal power generation has led not only to reduced imports, but has also created large coal stockpiles. Heavy flooding in Austria during 1965 destroyed many crops, and will necessitate imports of larger amounts of grain during 1966. However, increasing Austrian trade with Eastern Europe and the need to find suitable imports from that area make the effect of such grain shortages on U.S. exports uncertain.

Further trade liberalization is being considered in Austria but, if enacted, will concern only trade with non-GATT nations—mainly those of Eastern Europe.

According to the American Embassy in Vienna, market studies in Austria have revealed a large demand for many types of U.S. textiles, a less pronounced interest in clothing (chiefly in leisure-time and sports garments), and a potential for highly sophisticated and advanced medical equipment.

Austrian firms have also shown their interest in the following U.S. lines: plastic material and flooring, artificial leather, leather for shoes, upholstery materials, building hardware, laboratory equipment, luggage and garments, machinery and equipment for the paper industry, new household chemicals, and cosmetics.

Gerngross Kaufhaus A.G., Austria's leading department store complex, recently staged America Weeks at its Vienna and Linz stores. Among the best-moving U.S.-made items were terry cloth articles, dresses for girls, men's shirts, lingerie, canned foods and spices. Camping furniture, although relatively expensive in comparison to domestic manufactures, also sold well.

Belgium

Slower-rising U.S. prices may offset new tariff advantages of EEC suppliers

By ROBERT H. WALKER
European Division, BIC

Moderate gains in Belgium-Luxembourg (BLEU) foreign trade appear in prospect for 1966, with imports likely to rise at a lower rate than exports.

U.S. shipments should participate in the expansion of the BLEU import market. Belgium will probably need more imported grain to supplement a poor 1965 harvest, and U.S. performance should be further improved by the assumed absence of the strikes which crippled Gulf and East Coast ports in the first two months of 1965.

American exporters of manufactured goods may expect increasing competition from Common Market sources, which will benefit from another 10% cut in duties applicable to BLEU imports from EEC sources, effective January 1.

On the other hand, Common Market price levels are still outclimbing U.S. prices, although the rates of increase are generally slackening in Europe.

Exports provided the principal support for the Belgian economy in 1965 and will probably continue to for at least several months of the New Year.

Belgium's gross national product came to about $16.2 billion last year, a rise of 3.5% in real terms from the 1964 level. Although the increase is below the 5% registered in 1964, it is only slightly less than the 1953-64 average gain of 3.7%. Further growth—possibly in the neighborhood of 4%—looks like a reasonable expectation for 1966.

Price trends are expected to continue the pattern of recent years, with only small gains at the wholesale level and somewhat sharper increases in the retail sector. Last year wholesale prices advanced slightly and at the end of October were only 1.1% above the October 1964 level. This tendency toward stabilization has characterized wholesale prices since early 1964, after a long period during which they increased a bit faster.

Slower price rises

The October retail price index was 3.87% above October 1964, whereas the October 1964 index had been 4.48% above the comparable month in 1963. With wages and salaries in most industries tied to the retail price index, the continual climb of the index has triggered successive wage raises, increasing production costs and squeezing profit margins.

Total BLEU imports are believed to have reached a new peak last year of some $6.1 billion, up nearly 4% from the 1964 level. Export estimates indicate a gain of better than 12% to nearly $6.3 billion.

The trade balance showed a marked contrast with previous years. Normally running behind imports, BLEU's exports for the first 9 months of 1965 topped imports. The increase in imports tapered off, while exports rose strongly above the comparable months of 1964. Imports for the period were valued at $4,583 million, only 5% above January-September 1964, whereas exports reached $4,637 million, 13.9% above the same 1964 period, providing a substantial support to the Belgian economy. With industrial activity stabilized at a high level and exports continuing strong, the anticipated pickup in the economic growth rate should contribute to increased imports in 1966.

The long dock strikes in the United States early last year depressed BLEU trade with this country. January-September imports from the United States, $389 million, inched up only 1.2% above the comparable 1964 period. Exports to the U.S. were valued at $388 million, up 9.5% from the first 9 months of 1964. Most of the Jan.-Feb. loss was made up in succeeding months.

Barring an unexpectedly high rise in the last quarter, imports from the United States for the entire year are likely to show only a very modest increase over the $522 million registered in 1964.

The U.S. share of the BLEU market declined to 8.5% in the first nine months of last year from 8.9% in the like period of 1964, while BLEU's Common Market partners lifted their aggregate share of that market to 53.8%, from 53.2% in January-September 1964.

Some product categories which appear to offer particularly promising export opportunities in the BLEU market include:

Gas transmission and utilization equipment, industrial and process control equipment, electronic components, materials handling equipment, packaging equipment, scientific and technical instruments, machinery and equipment for the chemical industry, textile machinery, power hand tools, metalworking machine tools, earthmoving equipment, plastics, medical, dental and surgical equipment, automobile maintenance and repair equipment, wearing apparel and accessories, additives for fuels and lubricants.

Information center

The Bureau of International Commerce will maintain a Business Information Center at the Brussels International Fair, scheduled for April 29-May 16.

Industrial activity was at a high level at the end of October, although the rate of growth was a little below the average rate of recent years. Coal, semi-durable consumer goods, and textiles were the weakest sectors. The capital equipment output remained strong, however.

Though there has been some easing of the tight labor market, the demand for skilled and semi-skilled labor remains high.

During the first half of 1965 the BLEU balance of payments showed a net surplus of approximately $100 million, $82 million below the surplus for the last half of 1964, but about $74 million above that for the first half year.

Belgium-Luxembourg Imports, Jan.-Sept. 1965

Total imports	$4,583 million
From U.S.	$ 389 million
U.S. share	8%

Belgium-Luxembourg Exports, Jan.-Sept. 1965

Total exports	$4,637 million
To U.S.	$ 388 million
U.S. share	8%

Belgium-Luxembourg Economic Union's chief imports from U.S.:
Machinery, grains, aircraft, motor vehicles, diamonds, chemicals, coal, iron and steel, electrical equipment.

Chief exports to U.S.:
Iron and steel, diamonds, transport equipment, photographic products, glass and products, textile products.

Denmark

Bustling Danish economy should continue to provide good market for U.S. in '66

By PAUL W. LEINENBACH
European Division, BIC

Denmark's Imports, Jan.-Sept. 1965

Total imports	$2,090 million
From U.S.	$ 182 million
U.S. share	9%

Denmark's Exports, Jan.-Sept. 1965

Total exports	$1,639 million
To U.S.	$ 110 million
U.S. share	7%

Denmark's chief imports from U.S.:
Oilseeds, machinery, grain, feedstuffs, transport equipment, tobacco, plastics, chemicals, and scientific instruments.

Chief exports to U.S.:
Meat and meat products, hides, skins, machinery, furniture, fish, animal and plant raw material and dairy products.

Denmark should continue to be a good market for U.S. exports in 1966. Imports expanded by 10% during the first 9 months of 1965. Total 1966 imports are expected to expand at a slightly slower rate, but special categories will expand well in excess of the average.

During the past few years the Danish economy has been operating at maximum capacity. This has resulted in a severe shortage of labor, persistent inflationary pressures, and balance-of-payments problems.

The Government's efforts to control the over-heated economy via restrictions on credit and consumption are bringing economic activity into balance with the country's resources. The pressure of domestic demand is easing, which in turn will reduce inflationary forces and free labor for employment in export industries.

The Danish gross national product (GNP) increased by 4.5% during 1965, reaching a level of approximately $10 billion. This is substantially below the 7.5% growth rate recorded during 1964, but is the maximum possible with Denmark's economic capacity. The severe shortage of skilled labor combined with limits on the increase of labor productivity will restrict the growth of GNP to about 4% in 1966.

The business outlook remains moderately optimistic, although there has been a slight downward shift in business expectations. Recently manufacturers of investment goods have reported slackening sales, which together with the reduced growth in bank credits may indicate a slowing of the investment rate. During the first six months of 1965 inventories grew at half the rate of previous years. However, 1964 had featured large inventory buildups following the inventory depletions of 1963. Retail turnover rose 10% in 1965, with large sales of furniture, home appliances and clothing.

Persistent price rises

Price increases have been a persistent factor in Denmark. Money incomes increased by 10% in 1965 while productivity rose by only 3%. Most of this disparity has been reflected in price increases.

The various restrictive measures employed by the Government are beginning to take effect. Unemployment, though still low, is increasing in certain areas and a more usual seasonal increase will occur in the 1965/66 winter. This should reduce inflationary demand in 1966.

During the first 9 months of 1965 Danish exports increased at a faster rate than imports. Exports, which went up 11%, were led by the manufacturing sector, as marketing difficulties held down the sale of agricultural products. During the same period imports rose by 10%.

While the growth of both imports and exports slowed towards the end of 1965, imports showed the greatest decline. In view of this the 1965 trade deficit is expected to be comparable to 1964's.

The Government's economic policies will tend to shift manpower and other productive resources from industries catering to the home market to export industries. Thus, manufacturing industries should be able to continue expanding exports in 1966 at a rate similar to previous years.

In the first 9 months of 1965 Danish imports from the United States totaled $182 million, an increase of 9.3%. While the U.S. share of the Danish market declined slightly to 8.7%, the U.S. remained Denmark's fourth largest supplier.

Four agricultural categories (corn, oilseeds, feedstuffs, and tobacco) account for almost half of U.S. exports to Denmark.

Major categories of U.S. industrial exports and the U.S. share of the market, in parentheses, are as follows: non-electrical machinery (11.2%), transportation equipment (6.0%), electrical machinery (9.1%), plastic materials (16%), chemical elements (9%), and professional and scientific instruments (11%).

Several special projects afford opportunities for large scale exports to Denmark. These include construction of the Little Belt Bridge, erection of compulsory emergency oil storage facilities, demand for hovercraft and hydrofoil craft to expand ferry services and demand for used aircraft by charter companies to meet increased tourism and air cargo needs.

Denmark has recently removed several of the few remaining quantitative restrictions on imports of industrial commodities. Liberalized items include washing machines, small refrigerators, bicycle tires and wall paper.

U.S. export drive

The U.S. will vigorously continue its program to increase exports to Denmark in 1966. The main emphasis will be through the U.S. Trade Center in Stockholm, which serves the whole Scandinavian market. Themes of exhibits firmly scheduled for 1966 include: industrial catering equipment, automobile maintenance and safety equipment, industrial fasteners, and equipment for the pulp and paper industries.

The new Bella Centret, a modern Danish facility designed for trade exhibitions opened in Denmark last October. While this is a Danish facility, foreign firms are invited to exhibit their products in the numerous shows.

Capital investment increased by only about 4% during 1965. This low rate is primarily due to the credit restrictions, but also reflects some downward shift in expectations. This fairly low investment rate is expected to continue into 1966.

Investment is not even in all categories, though. Investment in transport equipment, electronics, woodworking and furniture, and the paper and graphic industries increased by 20-35% in 1965.

Finland

1966 outlook contains mixed signs, but businessmen expect a good year

By HAROLD A. McNITT
European Division, BIC

Finland looks forward to new gains on the economic front this year, but the pace will be restrained. A moderate increase of U.S. exports is predicted.

The current economic picture includes both favorable and unfavorable aspects. Domestic economic activity remains brisk, with employment, wage levels, and retail sales at high levels. Foreign demand for Finnish machinery and engineering industry products is strengthening.

However, world demand for some of Finland's vital forest product exports, especially wood pulp, is softening. Finland also faces a serious balance-of-payments problem, complicated by a shortage of foreign loan capital.

Finland's Imports, Jan.-Sept. 1965

Total imports	$1,226 million
From U.S.	$ 76 million
U.S. share	6%

Finland's Exports, Jan.-Sept. 1965

Total exports	$1,023 million
To U.S.	$ 63 million
U.S. share	6%

Finland's chief imports from U.S.:
Machinery, motor vehicles, foods, chemicals and plastics, textiles, manufactured articles, tobacco, soybeans.

Chief exports to U.S.:
Newsprint and other papers, paperboard, plywood, articles of wood.

Reflecting the strong performance of most Finnish industries last year the gross national product (GNP) advanced to an estimated $8.2 billion, a real gain of 5% over 1964. During 1966 further real growth of about 4% is anticipated. In view of this outlook, the Finnish business community generally expects moderate progress this year.

Finland's cost-of-living index increased by 3.3% during the first eight months of 1965, less than half the rate of 1964. This slowdown was achieved partly through government measures to limit bank credit.

Whether a new price rise can be avoided depends chiefly on the outcome of current general wage negotiations. The Government has strongly urged that wage adjustments be kept within the limits of actual productivity increases.

Reflecting the high level of economic activity, Finnish foreign trade made impressive gains in 1965. During the first three quarters of the year, Finland imported goods valued at $1.2 billion, nearly 12% above the corresponding 1964 period. Imports from the United States reached a record level of $76 million during the same period, a rise of almost 14%. The U.S. share of the Finnish import market increased slightly to 6.2%.

Striking gains were registered in Finnish imports of U.S.-produced chemicals, raw materials, manufactured articles, machinery, and transport equipment, with machinery the largest category.

Flow assured

Finland's flair for modernization, combined with its need to achieve greater industrial productivity in many branches, assures a continued flow of orders for high quality American machinery.

Finnish exports during the first three quarters of 1965 reached $1 billion, a rise of 10%. While this increase was encouraging, it failed to match the big rise in imports. Finnish Government and business leaders are concerned about the accelerating trade deficit, which is expected to exceed $200 million in 1965.

Past deficits have been offset chiefly through long-term borrowing from abroad. Because of the recent tightening of international sources of credit, however, Finland finds it increasingly difficult to obtain credit on reasonable terms.

Measures being employed to improve the balance-of-payments situation include a vigorous export promotion program, tightening of domestic bank credit, and restrictions on installment buying.

Gradual liberalization

Despite the payments problem, Finland will continue gradually to liberalize its remaining quantitative import restrictions. Quotas were lifted from 134 additional items on August 1. Most goods imported into Finland from the United States now enter free of quantitative restrictions.

High grade U.S. industrial machinery enjoys an excellent reputation in Finland for its durability and modern design. Several branches of Finnish industry can be expected to modernize plant facilities during the next few years, providing sales opportunities for U.S. machinery manufacturers.

The important engineering and metalworking industries, currently engaged in a major effort to increase their exports, plan to modernize and retool their facilities to meet changing world demands. Other areas which may need new equipment include the fast-growing chemicals industry, the plastics fabricating industry, and the textile industry.

Finnish businessmen recently have expressed interest in several other types of machinery, including paper processing equipment, printing machinery, shipbuilding machinery, materials handling equipment, aircraft and air traffic control equipment, electrical machinery and supplies, and automobile maintenance tools and accessories. U.S. electronic instruments are also in demand.

U.S. manufacturers interested in the Finnish market should not overlook the new U.S. Trade Center in Stockholm, which is designed to attract buyers from all four Nordic countries. American firms displaying their products at the Center have reported many potentially valuable business contacts with Finnish firms.

Despite a softening of world demand for forest products, especially wood pulp, Finland's general industrial production index rose by 5-6% during 1965. Since forest products account for over 70% of her exports, world demand is immediately reflected in Finland's economy.

As an associate member of the European Free Trade Association, on January 1 Finland was scheduled to grant a further 10% cut on tariff duties levied on most industrial goods entering Finland from other EFTA member countries. This means that base tariff rates have now been cut by 80%. Of the remaining 20%, a 10% reduction is scheduled for January 1, 1967, with complete elimination of duties slated for January 1, 1968.

With unemployment at a low level (approximately 1.2% of the labor force), high consumer demand continues to be the most striking feature of the domestic trade picture.

France

Purchases of U.S. goods expected to rise as economy rallies after 1965 pause

By ALEXANDER DAUMAN
European Division, BIC

French Imports, Jan.-Sept. 1965

Total imports	$7,506 million
From U.S.	$ 799 million
U.S. share	11%

French Exports, Jan.-Sept. 1965

Total exports	$7,238 million
To U.S.	$ 437 million
U.S. share	6%

France's chief imports from U.S.:
Machinery, instruments, chemicals, grain, fuels, soy bean cake, copper, cotton, automobiles, plastics, rubber goods.

Chief exports to U.S.:
Steel mill products, automobiles, machinery, alcoholic beverages, perfumery, aluminum, scientific instruments, chemicals, rubber goods.

French imports from the United States in 1966 will probably rise again, following a decline last year. However, the extent of the rise will depend mainly on the performance of the French economy, which has only recently begun to rally after a year-long slowdown.

A moderate revival of consumer demand and industrial production which began in the fall indicates that a more pronounced economic upswing is possible in the months ahead.

The French Government expects the economy to move ahead at a rate of 4.5% this year, and show considerably more vigor than last year, when the GNP advanced by only 2.5%. The Government forecasts increases in imports (9%), exports (7.2%), consumption (4.1%), and investment (5.4%).

Some private sources view the improvement in the business climate with reservations, but recent polls of businessmen reflect a generally growing optimism about the economic outlook for 1966.

Inflation abates

French prices increased only moderately for the second consecutive year, and the Government has slightly relaxed the stringent price controls by allowing selective price increases in some industries. Prices in most EEC countries generally advanced faster than in France.

However, the competitive position of U.S. goods in France in relation to imports from these countries is not likely to change materially, in view of a further 10% reduction in internal EEC tariffs on January 1. Competition from EEC sources became more intense last year, as they upped their aggregate share of the French import market to 38.5% in the first nine months, compared with 37.0% for the comparable period of 1964.

January-September French imports of $7,506 million were only 0.3% over the comparable period of 1964, with substantial drops in industrial raw materials, textile fibers and fabrics, and beverages.

Exports of $7,238 million represented a rise of 10.8%, benefiting from continued strong foreign demand and such factors as a vigorous joint Government-industry export drive and stable French prices.

Imports of $798.6 million from the United States lagged 6.8% below those of the first nine months of 1964. The U.S. share of total French imports receded from 11.4% to 10.6%.

A commodity by commodity analysis —based on trade during the first six months of 1965—shows sharp declines in sales of U.S. cotton, anthracite, pitch, silver and military aircraft. The losses in U.S. aircraft and silver sales reflect a drop in the unusually high French demand of 1964, whereas the slump in U.S. cotton exports was due both to the slowdown in the French textile sector and the inability of U.S. exporters to meet price quotations of other suppliers.

French imports of U.S. scientific equipment and chemicals increased heftily, whereas those of industrial machinery and electrical equipment declined only slightly in spite of the considerable slowdown in French economic activity. Prospects for significant gains in sales of these categories to France appear good for 1966.

The following products are also believed to offer promising opportunities for exporting to France: industrial process control equipment, electronic components, scientific and laboratory equipment, construction equipment, machine tools, electric power equipment for manufacturing industries, industrial refrigeration and air conditioning equipment, packaging machinery and supplies, pumps and compressors, institutional catering equipment, photographic equipment and supplies, laundry and dry cleaning equipment, wearing apparel and accessories, advanced teaching and training aids, furniture, plastic materials and articles, medical and surgical equipment and pleasure boats and accessories.

The Bureau of International Commerce has scheduled the following U.S. exhibits at Paris to help expand U.S. exports to France:

Advanced Teaching and Industrial Training Aids—Institutional Equipment Fair, May 1966.

Packaging Machinery and Equipment —International Exhibition of Packaging and Food Processing Equipment, November 1966.

A number of industry-organized trade missions will visit France this year, and at least two French department stores and one variety chain will hold special promotions of U.S. goods.

Economic outlook improving

Prospects for increased U.S. exports to France are enhanced by improved French consumption, production and investment outlooks for 1966. Consumer purchasing power is expected to rise by 3%. Industrial production has already shown signs of recovery.

Automobile, textile, food, and industrial equipment producers reported a sustained rise in demand during November. Certain household appliances and metal articles were also selling well.

A rise of 3.5% in private outlays for plant and equipment is also expected. The Paris Chamber of Commerce predicts an even higher step-up in such expenditures, pointing to an improved profit picture in some manufacturing sectors.

Recent Government monetary and fiscal measures are also expected to facilitate the accumulation and raising of capital for new investments.

Foreign competition and special tax incentives are stimulating mergers. This trend toward concentration of French industry will undoubtedly provide a significant boost in demand for advanced U.S. technical equipment for several years.

Germany

Slower growth rate should be reflected in smaller increase of imports from U.S.

By MARGOT W. ZENER
European Division, BIC

As the rapid German economic expansion of the past few years begins to slow down, German imports from the United States in 1966 will probably-also continue to increase, but at a slower rate than previously.

Contributing to this declining growth rate for German imports from the U.S. will be a general slackening of economic growth, increased competition with goods from other European Economic Community (EEC) nations as tariff preferences widen, more moderate price increases, and shorter delivery terms offered by domestic manufacturers.

German investments in plant and equipment, which in the past offered many opportunities for U.S. exports of advanced labor-saving equipment, are expected to taper off in 1966 as the labor and capital markets remain tight.

On the other hand, demand will still exceed supply, and Germany will remain a strong market for foreign products.

Estimates by both the German Government and by six leading private economic research institutes concur that GNP increased by about 8.5% in 1965 (5% in real terms) over the $103 billion level attained in 1964. These same sources also predict that in 1966 GNP will rise by only 7-7.2% in current prices (4.1-4.2% in real terms).

Export rate to grow

The most expansive area of the economy in 1966 is expected to be exports, with growth rates of 9-10% forecast.

In line with this moderate decline in GNP growth, the institutes predicted that other key economic indicators will also taper off slightly, with one exception: investment in equipment will grow by 6-8% in 1966 compared with 14% in the first half of 1965; private consumption: 7.5-8% (10% in '65); and public consumption: 8% (12% in '65); the exception, investment in building is expected to rise 6.5-7%, compared to 6% in 1965.

Business confidence is generally good as German industry enters 1966.

The acutely tight labor and credit situations, however, are causing a marked slackening in German investment plans. Major wage increases which may occur during the year will be largely offset by increased tax and social insurance payments, as well as by advances in productivity resulting from a strong drive during 1965 to adopt labor saving devices. Growth in disposable private income and private consumption expenditures during 1966 will thus be less than in 1965.

As the Government attempts to ease the pressures of excess demand through budgetary cuts, the increase in public consumption during 1966 will also be lower than in 1965.

This easing of economic pressures should keep 1966 price increases lower than during 1965. The six institutes estimated that consumer prices will grow by only 2.8% in 1966, compared with increases of 2.9% in the first half of 1965 and an estimated 3.5% in the second half of 1965.

German imports grew by 22% to $12.9 billion in the first nine months of 1965, and had a stabilizing effect on the rapidly expanding German economy.

Imports of U.S. commodities increased to $1.7 billion, a growth of 15.7% over the first nine months of 1964. The U.S. share of the German market was 13%.

U.S. deliveries of non-ferrous metal rose by 74% during the first six months of 1965. German purchases of non-commercial items from the U.S. grew from $230 million to $330 million.

The large increases in German imports in 1965 are thought to have resulted in a $1.75 billion deficit in the current accounts section of the German balance of payments. The growth in German imports is expected to decline somewhat in 1966, along with a reduction in GNP and in domestic demand from all sectors. The predicted increase in exports should bring the current accounts sector near to equilibrium during the year.

Prospects for increased U.S. exports of labor-saving devices, advanced technical equipment of all kinds, and unusual consumer items to Germany are still quite favorable. Opportunities are especially good in the following categories: water and air purification equipment; refrigeration, freezing, and food processing equipment; oceanographic equipment; electronic control devices and components; automatically controlled machine tools; automatic filling and packaging devices; materials handling equipment; scientific, industrial, and technical instruments and equipment; office machines and equipment; electronic data processing machines and computers; and automotive maintenance, service, and testing equipment.

Exhibits scheduled

The U.S. Government continues to promote the sale of American products in Germany by holding official exhibits throughout the country. Exhibits are scheduled for the following major trade fairs in the first six months of 1966:

International Furniture Fair, Cologne, January 25-30

Hanover Fair—Heating, Refrigeration, and Air Conditioning Equipment, April 30-May 8

International Hospital Exhibition and Congress, Stuttgart, May 11-14

The following exhibits are planned at the permanent U.S. Trade Center in Frankfurt:

Production and Packaging Equipment for the Electronics Industry, January 12-19

Material Handling Equipment, February 2-9

Dental Equipment and Supplies, March 23-30

Plastics U.S.A., May 4-11

German Imports, Jan.-Sept. 1965

Total imports	$12,869 million
From U.S.	$ 1,667 million
U.S. share	13%

German Exports, Jan.-Sept. 1965

Total exports	$13,023 million
To U.S.	$ 1,022 million
U.S. share	8%

Germany's chief imports from U.S.:
Agricultural products, machinery, aircraft, chemicals, electrical and electronic equipment, copper, coal.

Chief exports to U.S.:
Automobiles, machinery, iron and steel products, electrical and electronic equipment, precision mechanical and optical products, chemicals.

Greece

Economic outlook surprisingly good despite 1965's political turmoil

By JOHN J. EDDY
European Division, BIC

Greek Imports, Jan.-Aug. 1965

Total imports	$708 million
From U.S.	$ 76 million
U.S. share	11%

Greek Exports, Jan.-Aug. 1965

Total exports	$190 million
To U.S.	$ 25 million
U.S. share	13%

Greece's chief imports from U.S.:
Cereals, industrial machinery, manufactured consumer goods, raw materials, meat and other foodstuffs.

Chief exports to U.S.:
Tobacco, olives and olive oil, minerals, raw hides, leather, furs, various foodstuffs.

Pressures generated in part by the recent political turmoil caused the Greek economy to slip somewhat from its high performance of the previous two years in 1965. Since most of the country's economic problems, including inflationary tendencies, seem reasonably manageable if properly dealt with, 1966 may yet be another record year for U.S. exports to Greece.

Despite basic economic ills which would exist regardless of the political situation, such as over-reliance on agricultural crops with weak markets, Greece once more succeeded in pushing up its annual level of agricultural and industrial production in 1965. The nation also experienced a boost in exports, tourist receipts, emigrant remittances, shipping earnings, and in its inflow of foreign private capital.

Rising price levels caused concern, especially when compared with the relative stability of recent years. The country's balance-of-payments position also deteriorated sharply, and a shortfall in the State investment program was predicted, despite what is assumed to have been a budget deficit.

Combined with the Cyprus situation, the political crisis which began last July tended for a time to draw resources away from economic planning and upset the execution of economic programs already in progress.

In late fall, however, the Government managed to promulgate its $1.3 billion five-year draft plan for industrial development, which may provide excellent opportunities in Greece for American manufacturers of transport equipment, communications apparatus, machine tools, food-processing machinery, and many other types of producer durables.

Gross national product (GNP) is estimated to have risen by 7% in 1965, exceeding the $5 billion mark. This is a letdown from the 8.9% and 8.5% growth rates of the previous 2 years, but is still impressive.

The country's high rate of growth throughout the troubles of 1965 indicates that Greece should be able to maintain a respectable economic pace in 1966.

If political stability is achieved, the measures needed to put the economy back on its feet would be challenging but not necessarily severe. They might include a temporary increase in various taxes and a retrenchment in Government expenditures, including agricultural subsidies. However, it is unlikely that Greece will slow down its drive to gear up domestic industry by reducing imports of needed capital equipment.

Both domestic and foreign private investment in Greece are holding up surprisingly well, but businessmen are worried about rising prices. Comparing January-October 1965 with the same 10 months of 1964, the Consumer Price Index was up 2.6% (foodstuffs 4.1%) and the Wholesale Price Index was up 4.4% (foodstuffs 4.5%).

Increased market share

Greek imports from the United States reached $76 million in the first 8 months of 1965, giving the U.S. a 10.7% share of the Greek import market. Although this is an increase of about $9 million in U.S. sales over the first 8 months of 1964, the U.S. market share declined somewhat.

Since Common Market sales to Greece also slipped, it can be assumed that Greece's overall rise of $149 million in imports in 1965's first 8 months (to $708 million) was due to "third country" inroads. Conclusive figures are not yet available.

Payments data based on outlays for foreign merchandise show U.S. sales to Greece to be higher than indicated by arrivals figures, which take into account only the physical movement of goods. The payments figures are particularly useful in the case of Greece because they give a readily available breakdown of the commodity areas in which U.S. exporters are doing well (or poorly).

Comparing the first 8 months of 1965 with January-August 1964, American sales of capital goods (mainly electrical equipment) to Greece rose by 49% to $32 million, a significant jump. Raw materials—mainly cotton—chemicals, and steel products increased 25% to $16 million. Manufactured consumer goods were up 22% to $24 million. About $28 million, or 23% of total U.S. exports to Greece in the period, were AID-financed.

Despite a growing trade deficit ($261 million in January-August 1965) and dwindling foreign exchange reserves ($243 million available at the beginning of September 1965), Greece is unlikely to impose comprehensive import curbs in the foreseeable future. Under its association agreement with the Common Market, Greece is progressively liberalizing its imports from the EEC, and some liberalization is being extended to imports from the U.S. and other third nations.

Greek exports to the U.S. increased 7% in January-August 1965 to $38 million (payments figures), due mainly to higher U.S. purchases of olives, olive oil, minerals, and furs. As usual, some 60% of the U.S. imports were tobacco.

The interest of foreign businessmen in Greece seems to have been only marginally influenced by the political crisis, which has been unable to offset the basic attractiveness of putting capital into Greece, with its easy customs access to the Common Market, strategic location for exporting to the Near East and Africa, and low-cost, highly trainable labor. Net private capital inflow in January-August 1965 was $132 million, up 58% from the same period in 1964.

To help U.S. exporters, the Bureau of International Commerce will support two mobile trade fairs featuring industrial and scientific instruments, and audio-visual equipment, scheduled for 1966.

Italy

Brisk economic pace brightens outlook for increased sales of U.S. products

By FERNAND LAVALLEE
European Division, BIC

Italian Imports, Jan.-Aug. 1965

Total imports	$4,744 million
From U.S.	$ 660 million
U.S. share	14%

Italian Exports, Jan.-Aug. 1965

Total exports	$4,637 million
To U.S.	$ 390 million
U.S. share	8%

Italy's chief imports from U.S.:
Coal, corn, copper, chemicals, industrial machinery.

Chief exports to U.S.:
Apparel, footwear, wine, automobiles, cheese.

As the Italian economy continues to improve, prospects are good for a moderate increase in U.S. exports to Italy.

With its economy supported by higher levels of industrial production, increased exports, strengthened domestic demand, the excellent performance of newly developed industries and a large balance-of-payments surplus, Italy should continue to provide a good market for U.S. exporters.

Italy's gross national product (GNP) is expected to reach about $53 billion in 1965, an increase of 7.5% in current prices and 3% in real terms. This is slightly above the 1964 growth rate of 2.4%.

The 1966 GNP is expected to rise by 4.5% in real terms thus exceeding considerably the 1965 increase. The higher income and industrial expansion associated with such a growth rate should offer increased sales possibilities for U.S. exporters.

Industrial production is estimated to have increased by 4.5% in 1965 and should go up by 7% in 1966.

Italy is now one of Europe's leading producers of household appliances, where only a few years ago production of many such items was negligible. Current annual production is more than two million refrigerators, over a million washing machines, and four million other appliances.

Steel expansion

Italy's steel industry has also greatly expanded in the last two years. With the completion of its new steel mills, including Europe's largest at Taranto, Italian steel production has reached record levels. The country became a net exporter of steel products in 1965 for the first time since becoming a major steel producer.

The higher level of economic activity should bring about a substantial increase in the volume of Italian purchases from abroad. Consequently, the prospects for U.S. exports to Italy appear favorable, not only for raw materials and semi-finished products, but also for a wide range of household products, amateur motion picture cameras and projectors, toys and games, motorboat accessories and hand tools.

Italian businessmen appear encouraged by the brighter economic prospects. While the greatest percentage of Italian businessmen remain moderately and cautiously optimistic, a growing number expect definite improvement. This outlook contrasts sharply with attitudes of recent years.

Investment to grow

With the gradual improvement in business confidence, investment growth should resume in 1966, but the growth will probably be less rapid. The investment emphasis is also expected to shift more toward modernization of plant and equipment, and away from expansion of capacity, with greater attention given to cutting production costs. Larger amounts of investment are also expected in the Mezzogiorno, Italy's South, where an extensive government development program started 15 years ago has recently been extended for another 15 years.

Prices continued to rise during 1965 but at a reduced pace compared with previous years. Consumer prices for the year were expected to increase about 4% to 5%, considerably less than the 6.1% increase in 1964. The wholesale price increase was put at only 2%.

The steady increase in exports, together with substantially lower imports, has caused a sharp reduction in Italy's normal trade deficit. Italy's foreign trade was almost in balance during 1965, with the value of exports through August equalling 98% of the value of imports.

Germany leads

The United States remains Italy's second largest supplier, after the Federal Republic of Germany. During the first half of 1965 the U.S. share of the Italian market was 14% of total imports, while Germany accounted for 14.5%. As overall Italian imports declined, those from the United States fell to $493 million, 11% below the first half of 1964. However, Italian imports from Germany fell 21% during the same period.

Total imports rose somewhat during the second half of 1965, and should continue to do so in 1966.

Accordingly, there is an opportunity to increase the United States share of the Italian market, if American firms undertake active sales campaigns for products in which Italy is particularly interested.

Major imports from the United States during the first half of 1965 were feed grains, coal, cotton, copper, oil seeds, aircraft and parts, and industrial machinery. Export opportunities should remain good for most of these products in 1966.

Rising demand for imports

Although detailed statistics are not available beyond the first six months of 1965, it appears that imports of industrial raw materials and semi-finished products, particularly for the iron and steel, metallurgical and petroleum industries continued to rise through 1965.

The U.S. Trade Center at Milan has proven a very successful means of assisting American businessmen in building up sales in Italy by allowing them to test the market for new products and creating demand for these products among the Italian consumers.

Exhibits tentatively scheduled for 1966 are: food processing machinery, February 18-23; dental equipment, March 12-18; metal finishing equipment, May 17-23; tire recapping, June 7-13; scientific and laboratory equipment, in September; industrial chemical equipment, in October; advanced electronic components, in November; materials handling equipment, in December.

Netherlands

Economic tempo expected to accelerate as both exports, imports jump over 10%

By JACOBUS T. SEVERIENS
European Division, BIC

U.S. sales to the Netherlands are expected to rise moderately in 1966, reflecting increased Dutch economic growth, especially in the import sector.

The Dutch economy continued to expand during 1965, although at a slower pace than in the previous year. Year-end estimates put gross national product (GNP) at $18.2 billion, up 5% in real terms from the 1964 level. Industrial production also registered a 5% gain.

A reduction in personal income taxes and large boosts in wages and fringe benefits stimulated substantial increases in domestic consumption. Exports climbed 10%, while imports rose a more modest 4.5%.

Netherlands Imports, Jan.-July 1965

Total imports	$4,221 million
From U.S.	$ 416 million
U.S. share	10%

Netherlands Exports, Jan.-July 1965

Total exports	$3,600 million
To U.S.	$ 138 million
U.S. share	4%

Netherlands' chief imports from U.S.:
Grains, oleaginous seeds, organic chemical products, machinery, animal feeds, coal, tobacco, aircraft.

Chief exports to U.S.:
Canned meats, electrical equipment, office machinery, iron and steel, motor vehicles, raw vegetable materials, cocoa, textiles.

The tempo of economic activity is expected to accelerate this year, sparked by increases in production, investment, and foreign trade. Gains in private consumption, however, may be more moderate than last year. The 1966 increase in GNP is expected to be 5.5% in real terms over last year.

Indications are that industrial production will increase more than 6% this year, partly due to a strong export demand and a substantial increase in the output of natural gas. This growing industrial activity, however, will probably take up any slack forming in the labor market, creating the risk of further inflationary developments.

Government planners predict a higher rate of expansion for investments in both fixed assets and inventories. Despite a Europe-wide tight money market, industrial investment in fixed assets is expected to grow 8%, compared with a year-to-year gain of 3.5% in 1965.

A key element in this year's investment picture will be a sharp upturn in outlays for ships and aircraft, mostly from foreign suppliers. KLM is scheduled to take delivery on several U.S. aircraft this year.

The important construction industry, which completed an estimated record 114,000 dwelling units in 1965, will probably expand an additional 7%.

Consumption forecast

A 3% gain in private consumption is forecast for this year, compared with a year-to-year rise of 6.5% in 1965. Industrial wages are expected to go up around 9.5% compared with 11% last year. Consumer prices may climb 4.5% this year.

The Dutch balance of payments is expected to show a surplus of $21 million on current account, owing largely to a strong export showing. Dutch Government planners foresee an export rise of 12% over the 1965 level; while imports may grow by 11.5%.

Total Dutch imports for the first three quarters of 1965 amounted to $5,372 million, 3% above the 1964 level. Imports from the United States, affected by the East Coast dock strike earlier in the year, fell 3% to $553 million, decreasing the U.S. share of total Dutch imports to 10.3%, from 10.9% in the comparable period of 1964.

The Netherlands' Common Market partners continued to strengthen their positions as the nation's chief suppliers, increasing their January-July aggregate market share to 53.6%, from 52.2% in the first seven months of 1965.

Netherlands exports totaled $4,631 million, for the first nine months of 1965 a 10% gain over the like period in 1964. Eight-month exports to the United States, moreover, jumped 16% to $154 million, increasing the U.S. share of Dutch exports to 3.8%, against 3.6% in the comparable period of 1964.

In the first seven months of 1965 substantial increases were noted in total Dutch imports of animal feeds, oleaginous seeds, lumber, organic chemical products, paper, non-electrical equipment, automobiles, and plastics; major decreases were registered for coal, crude petroleum, iron and steel, and electrical equipment.

Opportunities to boost exports of many U.S. products to the Netherlands are excellent. With this year's stress on investment, prospects are particularly favorable for increased sales of laboratory and testing equipment, electrical power machinery and switchgear, packaging machinery, plastic materials and machinery for processing plastics, water and air purification equipment, automation and control equipment, construction machinery, prefabricated industrial buildings and components, hand tools, pneumatic tools, paper and paperboard.

Consumer items

A good market can also be found for many attractively-priced consumer items, such as wearing apparel and accessories, photographic equipment and supplies, paper products, and recreational equipment.

In coming months the Netherlands will be visited by mobile trade exhibits organized by American companies and supported by the U.S. Government. Containerized ship exhibits are planned for the ports of Amsterdam and Rotterdam in February and May.

The Netherlands Government's budget for 1966 calls for expenditures totaling $5 billion about 10% above estimated outlays for 1965. To help meet the additional costs, revenues will be increased 14% to $4,710 million. The rise in expenditures is largely attributable to increased allotments for education, housing, government wages, transportation and public works.

Most of the increase will be financed by raising indirect taxes. Excise taxes will be upped on alcholic beverages, cigarettes, gasoline, and some other items. Increased turnover tax rates have been levied on automobiles, motorcycles, television and radio sets, pleasure boats, and certain other luxury goods.

Norway

Expanding economy offers good market with few barriers to imports from U.S.

By GRANT OLSON
European Division, BIC

The Norwegian economy has enjoyed a steady growth for the past several years, and most signs indicate that the economy will continue to expand in 1966, although at a somewhat lower rate than in 1965.

With consumer demand strong and the investment rate high, U.S. exports to Norway should also continue to grow.

Most sectors of the economy have been operating near capacity levels, and this is expected to continue into 1966. Employment is high and labor conditions have been stable. The important commercial fleet is fully employed at relatively favorable rates.

Norway's Imports, Jan.-Sept. 1965

Total imports	$1,630 million
From U.S.	$ 116 million
U.S. share	7%

Norway's Exports, Jan.-Sept. 1965

Total exports	$1,042 million
To U.S.	$ 91 million
U.S. share	9%

Norway's chief imports from U.S.:
Machinery, automobiles, other transport equipment, chemicals, oilseeds, grain, petroleum products.

Chief exports to U.S.:
Aluminum, furs and skins, fish products, iron and steel products, chemical fertilizers, paper and paper products.

The steady expansion of Norway's economy is reflected in the revised estimate of the 1965 GNP. Instead of an increase of 4-5% forecast at the beginning of the year, an increase of 6% is currently cited as the real rate of growth. This is the same rate reported for 1964, when the GNP reached a level of $6.6 billion.

Preliminary estimates for 1966 forecast the GNP growing at a 4-5% rate.

No significant changes in economic policies are expected to result from the change of Government on October 12. The new coalition Government, composed of members of the Conservative and Center Parties, has announced its general objectives for 1966. They follow the general lines of the predecessor Labor Government.

Government's aims

The new Government's announced objectives are to maintain full employment; foster steady economic growth; promote efficient and competitive products; seek equitable distribution for the national income; maintain price stability and reduce the current account deficit.

In promotion of international trade, the new Government has announced that it will continue to work through international organizations for reduction of tariffs and other obstacles to international trade.

Business confidence in the policies of the new Government is reflected in the continued plans for high investment and lack of any significant reaction in the Norwegian stockmarket to the change. Retail trade increased 8% during January-September, compared with the same period of 1964. Consumer prices rose 5%.

Seasonal unemployment is expected to stay below 25,000 during the winter months. This is about 3,000 below last winter's unemployment peak.

The high level of economic activity is also reflected in preliminary Norwegian foreign trade statistics. Imports reached a level of $1.6 billion during January-September. This is 14% higher than the same period in 1964, when imports amounted to $1.4 billion.

Commodity imports, excluding ships (which showed a 5% increase in 1965), were 9% higher in 1965; Norwegian exports during January-September 1965 surpassed $1 billion, compared with $949 million during the first three quarters of 1964.

Machinery and transport equipment continue to rank foremost among Norway's imports, being exceeded in value only by ship imports. The machinery category accounted for almost 20% of total commodity imports in 1965, and showed one of the more significant growth rates among imports, rising by 13%.

The increase in the machinery group together with larger imports of iron and steel, non-ferous metals, chemicals, yarn, piece goods, and fruit helped offset declining imports of oilseeds, textile fibers, mineral oil products, coal, animal fats and oils.

The U.S. share of Norway's imports was 7.1% during the first nine months. This was slightly less than the U.S. share of 7.5% in 1964. Imports from the United States, however, were 8.3% higher than the first three quarters of 1964, reaching a value of $116 million.

Imports of machinery and transport equipment contributed heavily to this favorable increase in United States trade with Norway, accounting for 33% of Norway's total imports from the United States. The other leading imports from the United States were fruit, mineral oil, plastics, non-ferrous metals, instruments, which showed increases, and grain, tobacco, oilseeds, yarns and piece goods, which declined.

Keen competition

The Norwegian market is readily accessible to American exporters. Except for restrictions on some agricultural products, goods move freely into the market. Tariffs are moderate and other barriers such as safety and health standards are relatively few. Payment for goods is readily convertible into dollars and other western currencies.

Exporters in other European Free Trade Association countries received an added advantage on January 1, 1966, when a further cut of 10% was made in tariffs applied to industrial goods originating within the EFTA area.

American manufacturers and exporters who exhibited their products at the several shows held at the U.S. Trade Center in Stockholm during 1965 have been successful in obtaining agents and distributors for their products in Norway.

The Trade Center has scheduled the following shows for 1966: institutional catering equipment, automotive maintenance and safety equipment, industrial fasteners, and equipment for the pulp and paper industries.

Norwegian importers are interested in hydraulic components, special motors, deck machinery and nautical instruments, laboratory and automotive equipment, automotive service station equipment, electronic components, plastic film and fiber.

Spain

All signs point to an increasing market for sales of a wide variety of U.S. goods

By ARLEY T. CAUDILL
European Division, BIC

Spanish Imports, Jan.-Oct. 1965

Total imports	$2,465 million
From U.S.	$ 460 million
U.S. share	19%

Spanish Exports, Jan.-Oct. 1965

Total exports	$ 690 million
To U.S.	$ 90 million
U.S. share	13%

Spain's chief imports from U.S.:
Industrial machinery and equipment, edible vegetable oils, coal, grains, petroleum products.

Chief exports to U.S.:
Vegetable foodstuffs, olive oil, metallic ores and manufactures, canned fish, beverages.

Prospects are bright for American exports to Spain during the coming months. Figures for the first ten months of 1965 show that both total imports and the U.S. share of the market are increasing.

Demand should remain good for industrial equipment needed under the Economic Development Plan which is now entering its third year. As national income rises there is an increasing demand for consumer goods. The relatively poor harvests in 1965 will also call for additional imports of foodstuffs this year.

Spain's gross national product (GNP) for 1964 amounted to $17.7 billion, an increase of 7.5% in real terms over 1963. Although this was below the growth rate of the three preceding years, it is well in excess of the 6% target set by the Economic Development Plan for 1964-67. While data for 1965 is not yet available, all signs indicate that the growth rate of 6% was probably surpassed again.

Business confidence appears strong at year's end, but there is continuing concern over inflation. However, prices remained relatively stable through September, due in large part to the Government's anti-inflationary measures, particularly its program of increased food imports, as rising food prices had been one of the principal sources of inflationary pressures.

The U.S. share of Spain's imports for the first ten months of 1965 rose to a new high of 18.7% with the United States continuing to hold a firm position as Spain's principal supplier. Spain's imports from the United States rose to $460 million, up 57% over the same period of 1964.

Spanish exports amounted to $698 million in the first ten months of 1965, a slight decline from the corresponding period of 1964, sales to the United States, however, increased to $90 million. Through October, U.S. purchases from Spain were running 15% ahead of 1964.

Healthy increase

During the first nine months of 1965, the latest period for which a detailed breakdown is available, Spain's total imports increased by 33% over the corresponding period of 1964, reaching $2.2 billion.

On a commodity basis, increases were registered in 19 of the 21 customs sections. The decreases occurred in foodstuffs (dairy products) and leather.

Two-thirds of all imports during January-September 1965 were accounted for by cereals and oil seeds, petroleum, chemical products (mostly organic chemicals and fertilizers), metals and metal products, and machinery and electrical equipment.

Only imports of chemical products are expected to decrease within the next year, when domestic petrochemical and fertilizer plants start to operate. Heavy imports of items in the other major groups should continue.

A sharp drop in citrus and olive oil exports in the early part of the year, resulting in the overall decrease of total Spanish export figures, has obscured the fact that 15 of the 21 customs sections actually showed an export increase of about 7% over the first three quarters of 1964.

The reasons why

The Minister of Commerce has listed seven reasons why Spain's exports are not growing more rapidly: lack of an exporting mentality by many manufacturers; fragmented industries; lack of push by management and actual abandonment of export efforts by many firms; ignorance of foreign markets' purchasing capacities, consumption patterns, prices, mercantile practices, and methods of distribution; lack of cooperation between the Government and private companies; failure of Spanish banks to provide greater export credit; and failure of small exporters to create joint distribution channels and export promotion.

Under the continuing stimulus of the Development plan, the best import prospects appear to be machinery and equipment, metal products, vegetable oils, grains, tobacco, coal and petroleum products. The shortage in Spanish crops during the 1965 season should lead to increased imports of grains and other agricultural products during the coming year.

Assistance

In order to assist U.S. exporters in entering the Spanish market, a solo exhibit featuring industrial refrigeration equipment is scheduled for Madrid in March, and a second solo featuring electronic components and equipment is under consideration for October.

Tourism continues to be a major plus factor in the Spanish balance of payments. The number of tourists entering Spain in 1965 stood at 12 million at the end of September, slightly more than 1% above the total for the corresponding period of 1964. However, cumulative net tourist receipts of $646 million for the first eight months of 1965 were 19% above the 1964 total for the like period.

At the end of September Spain's holdings of gold and foreign exchange reserves totaled $1,382 million, a decrease of $67 million since January.

By mid-1965, total direct U.S. investment in Spanish business enterprises was estimated at $250 million. U.S. investments in real estate and securities brings the total American investment to something over $300 million.

The Development Plan Commission has reported that work is now under way on the preparation of Spain's second four-year plan, to cover the years 1968-71. The new Plan is expected to be oriented toward the agricultural sector, which many observers feel was neglected under the 1964-67 four-year plan.

Sweden

Many industries operating at full tilt; '65 imports running 15% ahead of '64

By HAROLD A. McNITT
European Division, BIC

Sweden's Imports, Jan.-Sept. 1965

Total imports	$3,209 million
From U.S.	$ 311 million
U.S. share	10%

Sweden's Exports, Jan.-Sept. 1965

Total exports	$2,853 million
To U.S.	$ 164 million
U.S. share	6%

Sweden's chief imports from U.S.:
Machinery, automobiles, metals, chemicals, plastics, instruments, textiles, and fibers, fuels, rubber, tobacco, fruit.

Chief exports to U.S.:
Machinery, automobiles, nonferrous metals, metal products, iron and steel, paper, wood pulp, furs.

The prosperous Swedish market should provide many opportunities for expanded U.S. sales in 1966.

The health of the Swedish economy at the turn of the new year is considered good, though the boom conditions of 1963-64 have tapered off. Near-capacity output in several industrial branches is limiting the rate of growth. Also clouding the horizon is a softening of world demand for certain key Swedish forest product exports.

On the brighter side, there has been a major increase of private investment in plant modernization and expansion. This trend is expected to continue through 1966.

Almost all sectors of the Swedish economy achieved solid gains in 1965. The Gross National Product (GNP) made a real advance of 4.5%, reaching an estimated level of $19.6 billion (1964 market prices). A further real increase of at least 4% is predicted for 1966 and the Swedish business community is generally confident that the new year will be a satisfactory one.

Propelled by prosperous economic conditions, Sweden's imports jumped 15% during the first three quarters of 1965 over the corresponding 1964 span, to a record level of $3.2 billion. Imports from the United States during the period totaled $311 million, an increase of 8.6%. The smaller U.S. share of imports in 1965.

U.S. sales decline

While U.S. sales of non-electric machinery, transport equipment, chemicals, animal oils and fats, raw materials, and scientific instruments all made big gains, U.S. shipments of grains, tobacco, coal, and cotton sagged below last year's levels. The decline in bulk commodity shipments was the main factor contributing to the smaller U.S. share of imports in 1965.

Sweden's exports during January-September totaled $2.9 billion, a gain of 11% over the corresponding period of 1964. While impressive, the increase failed to keep pace with the big rise in imports. Exports of machinery, automobiles, ships, and steel mill products remained strong. Because of a general softening of world demand, exports of wood pulp and other forest products were sluggish.

Swedish businessmen have expressed interest in a wide range of American products, including industrial process control devices, business machines, earth-moving and construction equipment, paper mill machinery, textile fabrics, wearing apparel, home appliances, and recreation items.

Sweden offers a booming market for sophisticated electronic devices and scientific instruments. Because of its reliability and excellence of design, U.S. equipment enjoys a preeminent position on the Swedish market.

Since opening last March, the attractive U.S. Trade Center in downtown Stockholm has provided U.S. firms with an ideal showcase. In its operations thus far, the Center has successfully introduced many new U.S. products to the Scandinavian market at nominal cost to American exhibitors.

The following Trade Center Shows are firmly scheduled during the coming months: institutional catering equipment (February 3-11); automotive maintenance and safety equipment (April 19-24); and industrial fasteners (May 25-June 1).

Although the Swedish economy is generally healthy, business and government economists have expressed concern about the growing excess of imports over exports. During the first three quarters of 1965, the trade deficit reached $355 million, almost twice as large as in the corresponding 1964 period. Although the situation is not yet considered serious, economists point out that continued enlargement of Sweden's deficit would hamper long-range efforts to achieve real economic growth.

Several branches of Swedish industry are reaching a point of capacity operation, including the mining, metals, and engineering industries. Efforts to remedy the shortage of skilled labor by attracting foreign workers have proved only partially successful. The current manpower shortage not only limits the growth of output, but also generates upward pressures on the wage structure.

In its efforts to control inflationary tendencies, the Government has used a variety of monetary measures since 1963, including successive increases in the rediscount rate and open market operations aimed at reducing bank liquidity. The Government also increased the general turnover (sales) tax from 6.4% to 10% last July 1.

Industrial modernization

To achieve greater output despite labor shortages many Swedish industries are modernizing their production facilities. After a period of relative stagnation, Swedish private investment in new capital equipment rose sharply in the latter part of 1965. A recent study estimates that private industrial investment reached $960 million in 1965, an increase of 14% in constant prices over the previous year.

This healthy trend is expected to continue and even expand in 1966. Leaders in increasing productive efficiency are the engineering, metals, timber and chemical industries. As much as two-thirds of the new investment will be for machinery, according to current estimates.

Exporters in EFTA countries received another 10% tariff advantage when Swedish import duties on their products were reduced to 20% of the base tariff rates on Jan. 1, 1965. Tariffs on industrial items entering from other EFTA countries will be entirely eliminated on January 1, 1967.

Switzerland

Anti-inflation drive slows Swiss growth; U.S. share of market dipped in 1965

By DAVE HOLTON
European Division, BIC

Swiss Imports, Jan.-Sept. 1965

Total imports	$2,732 million
From U.S.	$ 231 million
U.S. share	8%

Swiss Exports, Jan.-Sept. 1965

Total exports	$2,133 million
To U.S.	$ 204 million
U.S. share	10%

Switzerland's chief imports from U.S.:
Industrial machinery, electronic instruments, motor vehicles, organic chemicals, construction equipment, aircraft.

Chief exports to U.S.:
Watches, machinery and mechanical appliances, organic chemical products, optical and other precision instruments.

Deceleration of Switzerland's overall economic growth will probably continue to limit expansion of the country's $3.7 billion import market, which grew by less than 2% last year. Hence, vigorous promotion efforts will be necessary to boost sales of American-made goods there.

Calculated to curb the inflationary pressures on the Swiss economy, Government-imposed restraints have slowed plant expansion in all major industries except the watch and chemical sectors. The textile and machinery industries, dependent on foreign workers for a large proportion of their work forces, have been particularly hard hit. Controls on construction are likely to be lifted in the spring, but credit restrictions and regulation of the number of foreign workers hired are expected to be continued.

Difficulties in expanding factory floor space may force many Swiss firms to increase their production by replacing older equipment with more efficient models and installing computers and other electronic instrumentation to improve process control, research, inventory control, and other operations.

Switzerland's gross national product for 1965 is estimated at close to $13.5 billion, representing a gain of about 4% in real terms over the 1964 figure. This represents a slowdown from the rapid expansion of the Swiss economy in the years 1960-64, when GNP showed an average annual growth rate of 5.5%. It seems unlikely that this year's growth will exceed the 1965 rate.

The number of industrial building permits issued in the third quarter of last year was 7% below the level for the like period of 1964. There was also a decline in the number of foreign workers in the country, a decrease of 4% in the number of overtime hours worked, a general decline in industry order backlogs, and a shortening of delivery schedules.

Decreases in imports of machinery and raw materials, except fuels, were among the indications of a slackening rate of industrial investment and a reduction of inventories.

Consumer prices rise

Although Swiss wholesale prices rose only 0.2% in the year ended September 30, consumer prices climbed 4% in the same period, mainly reflecting a rise in the cost of services. Since Swiss employers generally grant their employees wage increases a few points higher than rises in the cost-of-living index, the rise in consumer prices will contribute to increased production costs.

Swiss imports during the first nine months of last year totaled $2.7 billion, less than 2% above the comparable period of 1964, while exports climbed 12% to $2.1 billion. The sharper increase in exports diminished the traditional Swiss trade deficit, which may continue to narrow in 1966.

The import mix appears to have been affected by the government's anti-inflation program. Total imports of machinery and raw materials (except for fuel) in the third quarter of 1965 actually decreased slightly from their 1964 levels.

Imports of United States construction machinery fell from $4.6 million in the third quarter of 1964 to $2.3 million in third quarter 1965. On the other hand, a rise in imports of U.S. electronic instruments and statistical and punched-card machines is resulting from the increasing pressure on Swiss firms to increase efficiency.

U.S. share slips

Data for the first nine months of 1965 show that the U.S. share of the Swiss import market declined to 8.5%, from 9% in the comparable period of 1964. The share of the Federal Republic of Germany, Switzerland's number-one supplier remained at 30%. The aggregate share of the European Economic Community edged up to 62.3% from 61.6%, however. Switzerland's partners in the European Free Trade Association (EFTA) maintained their aggregate share at 15%.

Government expenditures are rising. The 1966 budget includes significant increases for buildings and equipment, the national highway program, investments in support of low cost housing, and military expenditures.

Strong demand

Consumer demand continued to rise strongly, pushing January-July 1965 retail sales up an average of 7% over the comparable period of 1964. Total consumer expenditures in 1965 are estimated at some $8 billion, a 4% gain in real terms over the previous year.

The Swiss need to increase production in the face of a limited work force and construction curbs offers a rich sales potential to the U.S. Further automation is an obvious solution to this problem in the case of larger producers, and technically-advanced American equipment should fill the bill.

Particularly promising prospects are envisioned for such product lines as scientific and technical instruments, materials handling equipment, industrial process control and recording equipment, prefabricated structures and components (particularly industrial and commercial buildings), roadbuilding equipment (sized and priced for Switzerland's many small contracting firms), packaging machinery, polymerized plastics, hand tools, automobile maintenance and repair equipment, and office equipment.

Nuclear equipment will be featured in the Bureau of International Commerce exhibit at the first International Nuclear Industries Fair (NUCLEX) at Basel, to be held next September. The Fair is expected to be a prime attraction to potential buyers from nearly all other Western European countries, as well as those from Switzerland.

United Kingdom

Balance of payments restraints likely to hinder import growth during 1966

By EDWARD A. LESLIE
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U.K. Imports, Jan.-Oct. 1965

Total imports	$13,356 million
From U.S.	$ 1,535 million
U.S. share	12%

U.K. Exports, Jan.-Oct. 1965

Total exports	$11,205 million
To U.S.	$ 1,162 million
U.S. share	10%

United Kingdom's chief imports from U.S.:
Non-electrical machinery, cereals and preparations, electrical machinery, non-ferrous metals and chemicals.

Chief exports to U.S.:
Transport equipment, non-electrical machinery, whisky, iron and steel, textile yarns, fabrics and articles.

The implementation of policies designed to correct the United Kingdom's balance-of-payments difficulties is expected to hinder further expansion of U.S. exports to the U.K. during 1966.

The British economy, which has been operating at nearly full capacity with evidence of strain, appears to have flattened out at a high level. The question is whether and when the restraints imposed by the Government on domestic demand will cause a downturn in the economy, and if so by how much. Previous experience has shown that when the U.K. tightens up on the economy, U.S. exports to Britain can be increased only with difficulty.

Although the National Plan issued in September calls for an average annual growth rate of 3.8% in gross national product (GNP) a relatively smaller increase is expected in the national product over the next year or so. Estimates of GNP for 1965 show a rise of not more than 3% to a level of about $82.8 billion. Another 3% expansion is likely in 1966.

Payments outlook

The U.K. Government confidently predicts that the balance of payments will move into equilibrium by the second half of 1966. Officials feel that the 1965 deficit was held to between $840 million and $980 million, or less than half of the $2.2 billion deficit for 1964.

To ease the pressure on sterling and maintain confidence, the Government announced new restrictive economic measures in July which called for: the containment and curtailment of Government expenditures, including loans to local government for certain projects and lending by local authorities for housing mortgages; a review of expenditures by nationalized industries; controls for non-residential and non-industrial private construction; and faster repayments for installment purchases. Additional international arrangements to support sterling were announced in September.

Other measures include the tightening of exchange controls affecting overseas investments and certain foreign exchange receipts by residents, elimination of advance payments for imports, and extension of the requirement for bank approval of local borrowing by U.K. firms controlled by non-sterling area foreigners. Development Districts and areas of high unemployment are exempted from the squeeze on expenditures.

In order to keep prices in check, the Government has asked management and labor to cooperate in a system of advance notification of intended price increases and wage claims.

This, along with better export financing and a stepped-up trade promotion effort, means increased competition for U.S. products in world markets.

Total United Kingdom imports during the first three quarters of 1965 increased approximately 1% over the comparable period in 1964, reaching about $12 billion. Although the surcharge on imports (reduced from 15 to 10% at the end of April) seems to have done little to lower the absolute level of imports, the 1965 total might have been much higher.

Substantial increases occurred in imports of machinery and transport equipment, up 9.3% to $1.2 billion; mineral fuels and related items, up 5.9% to $1.3 billion; chemicals, up 11.9% to $600 million; manufactured goods classified by material (including non-ferrous metals), up 1.4% to about $2.3 billion.

Imports from the U.S. during the January-September period of 1965 were up by 7.6% to about $1.4 billion, compared with $1.3 billion for the same period last year. This represented an increase in the U.S. share of total U.K. imports to 11.6% from 10.9%.

Major U.S. product categories showing import gains were: electrical machinery, $101.5 million (up 20.4); non-electrical machinery, $267.7 million (11%); non-ferrous metals, $87.6 million (18.3%); scientific and professional equipment, $48.3 million (21.4%), and chemicals, $54.6 million (15.9%).

Call for modernization

The British Government's policies calling for the modernization of British industry to improve its competitive position in world markets and to increase its output, should offer numerous opportunities to U.S. exporters of sophisticated machinery and equipment.

The Government has been encouraging manufacturers to increase efficiency, and has provided liberal depreciation allowances and other assistance as a stimulus.

Good sales potential exists in the areas of industrial process control and measuring equipment, electronic instruments and components, precision machine tools, advanced instruments for the chemical industry, general industrial machinery and equipment, and food preparation and packaging machinery.

During 1966, the Bureau of International Commerce will continue to provide assistance to U.S. business in developing British markets through a variety of trade promotion shows. The U.S. Trade Center in London has scheduled the following exhibits: hotel, restaurant equipment, January 18-28; hi-fidelity and stereo sound devices and components, April 14-22, and protective signaling and security devices, May 10-20.

Another trade promotion effort will be U.S. participation in the Instruments, Electronics, Automation Exhibition in London, May 23-28.

Yugoslavia

Reform improves business conditions; PL-480 imports lead rising U.S. sales

By ARTHUR J. LAEMMERZAHL
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Greater U.S. sales to Yugoslavia during 1966 will be led by larger shipments under PL-480 (Food for Peace). Commercial exports are likely to increase moderately.

U.S. commercial exports are hampered by the pressure against industrial investments (except in basic industries) in Yugoslavia, which will in all likelihood continue throughout the coming year, and Yugoslavia's heavy debt repayment schedule, which limits the availability of hard currency for imports.

On the other hand, several factors are working in favor of U.S. exports. These include a continuing high demand for certain raw materials of which the U.S. has been a traditional supplier, particularly scrap metal and coking coal; a more favorable position for the U.S. compared to Yugoslavia's other hard currency trading partners (Yugoslavia's exports to the Common Market and EFTA have run into increasing difficulties, whereas exports to the U.S. are increasing at a steady rate); and the emphasis in Yugoslavia's investment plans on the development of agriculture and basic industries, particularly electric power. In the latter case, a determined sales effort by American manufacturers of agricultural equipment and electric power machinery is likely to be rewarding.

Yugoslav Imports, Jan.-Sept. 1965

Total imports	$964 million
From U.S.	$163 million
U.S. share	17%

Yugoslav Exports, Jan.-Sept. 1965

Total exports	$753 million
To U.S.	$ 46 million
U.S. share	6%

Yugoslavia's chief imports from U.S.:
Grains, cotton, edible oils, machinery, scrap metal, fodder, coal and coke.

Chief exports to U.S.:
Tobacco, lead, furniture, canned meat, nails and bolts, copper.

GNP to increase

Yugoslavia's gross national product in 1965 is expected to show about a 6% increase over 1964, when it amounted to $8.2 billion. An equivalent increase is expected in 1966. This represents a slowdown, since for several years prior to 1965 the average annual rate of growth had been 10%, and in 1964 it exceeded 12%. The reduction is partly a result of economic reforms which Yugoslavia has introduced since July.

The reforms have not been easy on the Yugoslavs, for they have resulted in considerable belt-tightening by producers and consumers alike. Nevertheless, there are many Yugoslav producers who are eager to face the challenge of a more businesslike approach to economic problems.

For the U.S. businessman interested in the Yugoslav market, the reforms do not promise an immediate improvement of sales prospects, but they do make it possible to conduct business affairs in Yugoslavia in a much more practical and straightforward manner than ever before.

Imports during the first nine months of 1965 dropped to $964 million, from the $1,019 million registered during the first three-quarters of 1964. At the same time, total exports reached $753 million, compared with $629 million in the same period of 1964. The result was a 46% reduction in the trade deficit for the first nine months of the year.

Final results for 1965 will probably follow the same trends, with imports below the 1964 level, and exports showing a substantial increase—perhaps to $1 billion.

The decrease in imports reflects the Government's firm resolve to hold the line in combatting Yugoslavia's payments problems.

Yugoslav trade with both the United States and Eastern Europe is increasing, at the expense of Yugoslavia's traditional trading partners in Western Europe. From January-September, the U.S. share of the market was 17%, and imports from the United States valued at $163 million were considerably higher than during the same period in 1964. This is partially due to larger PL-480 deliveries, but commercial sales are also doing well. U.S. exports of many categories of machinery and equipment have been dropping, however, and these goods are the most important to our long-range position in the Yugoslav market.

Total imports are expected to rise at a rate of 10% during 1966. This is somewhat faster than exports, which may increase by 8%.

The most significant development in Yugoslavia during the year was the economic reform program, which was highlighted by a devaluation of the dinar from 750 to the dollar to 1,250 dinars to the dollar. Other reforms include:

A cut in customs duties averaging 13%.

The lifting of the price freeze (the retail price average has increased by 24% since the reform).

The abolition of export premiums.

The abolition of turnover taxes at all but the retail level.

A banking reform which envisages the creation of a limited capital market.

Liberalizing controls

Yugoslavia also intends to simplify and liberalize its present system of quantitative import controls.

While the reform came at a difficult time, in view of Yugoslavia's overall economic situation, the nation's planners felt that the long-term cost of delaying the reform would be greater than any short-run dislocations it might cause.

The reform is designed:

- to force factories to greater efficiency by freeing domestic and international competition and letting uneconomic enterprises go bankrupt;
- to slow the rate of growth from the very rapid one of recent years that has been exhausting Yugoslavia's hard currency reserves and feeding inflation; this is to be accomplished partly through the elimination of investment based on "special pleading" rather than purely economic considerations;
- to give priority to sectors of the economy that have been lagging (power, transportation, mining and agriculture) by allowing prices of goods and services supplied by those sectors to be formed freely.

Far East sales record set

Varying economies offer diverse and growing market for U.S. goods

By ROBERT M. KLEIN
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Far Eastern Division, BIC

Overall U.S. sales to the Far East last year exceeded $4 billion for the first time, and the outlook for 1966 is for further gains over the record 1965 performance.

Excluding the special case of South Viet-Nam, the rise in total U.S. exports to the area this year probably will not match the substantial increase registered in 1965. This will reflect, in part, the fact that the 1965 jump in U.S. sales was inflated to some extent by a reclassification of certain U.S. trade data.

Nevertheless, in light of the steady economic progress exhibited by most of the countries of the region, and considering their expanding developmental needs, in most instances U.S. sales should advance over the past year's figures. Although a continuing problem for many countries, foreign exchange availabilities—as augmented by grant aid and loans—are generally adequate to finance essential foreign purchases.

U.S. Census data for the first 10 months of 1965 indicate that U.S. exports to the Far East (including Oceania) were up by nearly 10% over the corresponding period of 1964. The Far East again accounted for roughly one-sixth of U.S. sales abroad, with a projected regional total of between $4.2 and $4.3 billion for the year.

As in 1964, the gains were broadly dispersed, with higher purchases being made by Japan, Australia, Korea, Hong Kong, Taiwan, South Viet-Nam, New Zealand, Thailand, Malaysia and Singapore, and Laos. All-time highs for U.S. exports were recorded for at least six of these countries, which more than offset reduced buying on the part of the Philippines, Indonesia, the Ryukyu Islands, and Cambodia.

Japan top customer

As usual, Japan—which accounts for about half of our total Far Eastern sales—was the dominant factor in the trade picture. Despite the fact that the normally fast-growing Japanese economy experienced a pronounced business slowdown in 1965, U.S. exports which had edged toward the $2 billion level in 1964 apparently went over the mark last year for a new record. With recovery of the Japanese economy expected by mid-1966, U.S. exports should show another moderate rise this year.

U.S. sales to Australia, which had set the pace for U.S. exports in 1964 with a massive 40% rise, increased again last year, but at a significantly reduced rate. This tapering off in the abnormally high rate of increase was especially apparent in the later months of 1965, and is expected to continue in the months immediately ahead, with the 1966 total likely to show more modest gains.

Less to Philippines

A drop was recorded in U.S. sales to the Philippines, our third-ranking Far Eastern market, where U.S. exports receded from the peak level of 1964. This partly reflected another reduction in Philippine tariff preferences for U.S. goods, in accordance with the Revised Trade Agreement between the two countries, as well as the related drawing down of inventories built up in 1964 in anticipation of the higher duty rates. U.S. sales should, however, pick up in 1966.

Percentage-wise, the largest spurt in U.S. exports to the Far East last year was made in sales to New Zealand, with a 50% rise, and another increase is expected this year.

Significant increases last year were also indicated for U.S. sales to Taiwan, Thailand, and Malaysia and Singapore, and the outlook is favorable for further growth in 1966. Heightened Japanese competition, however, coupled with the termination of the U.S. aid program for Taiwan, will require intensified efforts by American suppliers.

In the case of Korea and Hong Kong, U.S. exports last year apparently were only up fractionally, but an improved performance is likely for 1966.

In contrast, U.S. exports to Indonesia, with its political and economic difficulties, dropped further, by about one-third, and immediate trade prospects remain uncertain. The same is true in the case of Cambodia, where U.S. trade is already at minimal levels.

U.S. sales to nearby Laos, however, bolstered by economic assistance, should continue their upward trend. Exports to South Viet-Nam, of course, mirroring military and political developments, were up sharply, and 1966 will presumably show similar expansion.

On the import side, U.S. purchases from the Far East for the first 10 months of 1965 rose by nearly one-fourth, for a projected annual total of about $4 billion, a new record. The major factor was a 36% jump in Japanese sales, which represent nearly 60% of our Far East purchases. Korea, Hong Kong, and Malaysia and Singapore also made significant gains.

Part of the increased imports from Japan were due to heavier steel shipments because of the expected steel strike in the United States. However, most of the enlarged Far East import bill reflects a longer term increase in U.S. demand, as well as stronger performances by the Far East countries in the manufacturing field. With the expected favorable growth rate in the U.S. economy for 1966, imports from the area should show a further rise.

The wide diversity of the Far Eastern market offers both a challenge and an opportunity to American exporters. It includes highly industrialized Japan, the high-income countries of Australia and New Zealand, and other nations in varying stages of economic development.

Obviously, efforts of U.S. suppliers, as well as those of the U.S. Government, must be geared to the unique needs—and demands—of each individual country.

Promotional efforts

The Department of Commerce has utilized a variety of trade promotional efforts directed at developing and expanding U.S. participation in Far Eastern markets. Last year, nearly half of the countries in the area were visited by official trade missions.

Because of the broad coverage over the past few years, no official missions are currently scheduled for 1966 but, in their place, an expanded program of industry-sponsored, Commerce Department-approved missions is anticipated.

Official trade fair participation this year will include an exhibit at the Osaka International Trade Fair in April, and a solo exhibition may be mounted in Hong Kong late in the year.

In the meantime, the U.S. Trade Centers in Tokyo and Bangkok are continuing with a full schedule of shows tailored to their respective markets, while the Sample Display Center in Manila—opened early last year—is becoming an effective vehicle for developing local agencies for U.S. suppliers.

Australia

Renewed confidence displaces uncertainty of early '65 as economy stays vigorous

By DEANE M. BLACK
Far Eastern Division, BIC

U.S. exports to Australia should continue to expand in the months ahead, but at a much slower rate than during the past several years, since the recent rapid growth in Australia's total imports is not expected to be sustained.

U.S. exports to Australia rose to $593 million during the first ten months of 1965, an increase of 16% over the corresponding period of 1964. While part of this increase reflects a reclassification of certain U.S. trade data, it also indicates the continuing Australian demand for capital goods and equipment to service the large exploration and development projects planned or underway.

Australian Imports, Jan.-Aug. 1965

Total imports	$2,242 million
From U.S.	$ 527 million
U.S. share	24%

Australian Exports, Jan.-Aug. 1965

Total exports	$1,980 million
To U.S.	$ 206 million
U.S. share	10%

Australia's chief imports from U.S.:
Machinery, transportation and communications equipment, chemicals, electrical equipment, textiles, tobacco.

Chief exports to U.S.:
Meat, wool, nonferrous metals, frozen lobsters, sugar.

Despite the leveling off in certain sectors of the economy, the hesitancy and uncertainty that pervaded the business community during the early months of 1965 gave way to renewed confidence following the Government's release of an expansionary budget in August which calls for a sizeable increase in federal expenditures during the current fiscal year ending June 1966.

The absence of any increase in company taxes also contributed to the growing confidence in the short-term outlook, while a continuing strong interest by foreign investors and the beginning of a massive development of natural resources reinforced long-range optimism.

On the domestic side, a continuing decline in housing construction, lagging consumer demand, and a fall in automobile sales characterized recent months. However, these developments were interpreted as adjustments enabling the shifting of resources from the private to the public sector, as dictated by the increased Government expenditures, rather than indications of any recessionary trend.

Strong labor demand

Demand for labor remains strong, with only about 0.8% of the total estimated work force of 4.5 million currently unemployed.

GNP for the fiscal year which ended June 30 was estimated at $21.4 billion in current prices, an increase of 8.7%. This rate of growth was less than that of 1963-64, which had been 10.2%. In real terms, GNP has risen an average of 4.1% annually for the last ten years.

Although it has been 16 months since Australia had a monthly trade surplus, an encouraging trend appeared to have developed when the trade deficits in October and November declined to $11 million and $15 million, due to a drop in imports and a concurrent rise in exports.

However, Australia is still expected to show a deficit in its trade account for the fiscal year ending June 1966, but it may not be as large as the $304 million recorded for 1963-64, when exports were valued at $2.9 billion and imports were $3.2 billion. Immediate export prospects for wool and wheat remain depressed because of drought, although stronger prices for wool may offset some losses due to lowered production.

Prospects for restrictions

The fall-off in imports has been viewed largely as a vindication of the Government's "open-door" import policy and as a further setback to advocates of import restrictions. Prospects for imposing a prior deposit scheme of import control, as advocated by the manufacturing sector, are now poorer than ever.

Australian imports from the United States rose to $775 million in fiscal 1965, an increase of over 27% from $608 million in 1963-64. As a result, the U.S. share of the market increased slightly from 23.2% to 23.9%.

While imports from the United Kingdom increased 15%, the U.K. share of the market declined from 27.7% to 26%. Japan again registered the highest rate of increase, its share rising from 6.8% in 1963-64 to 8.9% in 1964-65, and further to 11.3% in July and August. Japan strengthened its position considerably as the dominant force in the imported vehicle field, more than doubling its shipments over the previous year, and accounting for more than 81% of all imported cars and trucks.

The highest gains for U.S. goods in 1964-65 were registered in all kinds of capital goods and equipment, particularly those imported for use in the large exploration and development projects underway in Western Australia.

U.S. imports increase

Substantial increases were also noted in imports of U.S. electrical machinery and apparatus; chemicals; plastics; paper and paperboard; agricultural machinery and appliances; motor vehicles; tractors, parts and accessories; aircraft; construction and mining machinery; and telecommunications apparatus and parts.

Foreign exchange reserves declined as imports reached record levels during the third quarter of 1965, but a high level of capital inflow helped relieve anxieties over the balance-of-payments position and undoubtedly strengthened Government opposition to import restrictions.

Foreign exchange reserves fell by $148 million during the third-quarter, and at the end of September stood at $1.4 billion, a 25% decline during the 12 months since September 30, 1964.

With capital inflow at a high level and the expected break in imports having occurred, the Government predicts that the overall decline in the reserves during the current fiscal year will be less than had been anticipated when the budget was presented in August.

Although New Zealand was the source for only about 1.5% of Australia's total imports and some 6% of Australia's total exports in the year ending June 30, 1965, increases in the two-way trade between the two countries can be expected when the Australia-New Zealand Free Trade Agreement becomes fully effective.

Hong Kong

U.S. sales expected to rise as colony's economy shakes off its 1965 slowdown

By TADD A. LINSENMAYER
Far Eastern Division, BIC

Hong Kong will continue to be a good market for U.S. products in 1966, but exactly how good will depend upon how well Hong Kong recovers from its economic difficulties of 1965.

If there are no new disruptive developments this year, the Crown Colony's economy should recover and grow at a steady but perhaps more cautious rate than previously. Sales of U.S. goods should, in turn, expand.

The economy is sound and continues to expand, but the economic boom of the last few years was disturbed in 1965 by a number of special problems. A series of bank runs early in the year led to the failure of several Chinese banks and a general tightening of credit, which in turn affected a number of marginal producers and traders. There was a pause in the real estate building boom, and business confidence in general dipped.

Although Hong Kong's September exports were 16% above the September 1964 level, business and government leaders continued to be quite concerned about access to foreign markets and growing competition from other Asian low-cost producers, principally Taiwan in textiles, plastics and electronics and Korea in cotton textiles.

Much of this concern centers around the textile industry, which accounts for nearly half of Hong Kong's exports. It was increased by reports that textile production was leveling off, and by Britain's October decision not to allow the unused portion of Hong Kong's 1965 textile import quota to be carried over to 1966.

Solid investment need

Many businessmen are also dubious over the number of undercapitalized, speculative, "bandwagon" type business firms in Hong Kong, and there is a growing belief that what Hong Kong now needs is more solid investments producing standardized, sophisticated, quality goods, such as electronics and components.

Hong Kong's monthly import levels fluctuated unevenly from January through June, dropping from $128 million one month to $108 million the next and back up to $145 million the next. From June to September, however, these fluctuations leveled off, and by the end of September Hong Kong's total imports stood 4% above the comparable 1964 level.

Hong Kong's Imports, Jan.-Oct. 1965

Total imports	$1,291 million
From U.S.	$ 144 million
U.S. share	11%

Hong Kong's Exports, Jan.-Oct. 1965

Total exports	$ 935 million
To U.S.	$ 258 million
U.S. share	28%

Hong Kong's chief imports from U.S.:
Cotton, unset diamonds, cigarettes and tobacco, pharmaceuticals, plastic materials, air conditioners, fruits.

Chief exports to U.S.:
Textile fabrics and clothing, plastic articles, transistor radios, wigs, rattan articles, furniture.

Hong Kong's imports from the United States for January through September were 4% below the 1964 level, a sharp change from the 25% jump in U.S. sales during 1964.

The U.S. share of the market for this period dropped from 12% in 1964 to 11% in 1965. Much of this drop was the result of the decline in imports of U.S. raw cotton and polyethylene molding and extrusion compounds, which together accounted for over 15% of U.S. sales to Hong Kong. While the total Hong Kong market for these articles dropped somewhat, U.S. sales dropped by even more, giving the U.S. 27% of the market for raw cotton against 29% in 1964; and 35% of the market for polyethylene molding and extrusion compounds compared to 48% in 1964.

The decrease in total imports of polyethylene compounds could be the result of overstocking in 1964, since imports in that year were 76% above the 1963 level. Therefore, the level of imports of this item are expected to return to a more normal level in 1966, and the volume of imports from the United States should increase. On the other hand, sales of U.S. tobacco and tobacco products increased significantly as did sales of medicinal and pharmaceutical products, and electrical equipment, appliances, and parts.

One element which should give the U.S. position in Hong Kong a boost in 1966 is the U.S. Trade Mission which visited the Colony during November.

The mission was composed of two Department of Commerce officials and four U.S. businessmen who specialized in the fields of construction and earth-moving equipment, building materials and fixtures, scientific and medical equipment and supplies, and general consumer goods. The mission arrived with nearly 440 business proposals from U.S. firms and conducted over 100 interviews with Hong Kong manufacturers and importers, including several of the large British trading firms.

Right price important

The mission found many opportunities for the sale of U.S. goods, and that the 'made in USA' label is a definite asset. For capital goods, however, Hong Kong is a market where the price must be right, or at least reasonably close to right, before a U.S. label becomes a factor in the buying decision.

Credit, after-sales service, and availability of spare parts are often important factors in sales of capital equipment.

The many opportunities found by the mission included chances for the sale of earth-moving machinery, building and plumbing fixtures, cotton and synthetic fabrics, clothing and accessories including jewelry, pharmaceuticals, medical supplies and equipment, cosmetics, canned food items, appliances, home furnishings, and knitting machinery. A full report on the findings of the mission will appear next week in INTERNATIONAL COMMERCE.

To help promote the sale of U.S. goods in Hong Kong, an exhibit of U.S. industrial equipment may be held in late 1966. There is also a possibility that a large scale "America Week" display of U.S. consumer goods will be sponsored by several of Hong Kong's leading department stores. One department store chain held such a display last November and termed it quite successful.

Indonesia

Several free nations increase export sales, but U.S. trade remains depressed

By M. VIRGINIA WEBBERT
Far Eastern Division, BIC

U.S. exports to Indonesia

January-October 1965 $ 35 million

U.S. imports from Indonesia

January-October 1965 $136 million

Chief U.S. exports:
Machinery, aircraft, motor vehicles, lubricating oils, chemicals, books, metal manufactures.

Chief U.S. imports:
Crude rubber, crude petroleum, spices, coffee, tea.

Source: U.S. Bureau of the Census.

U.S. trade prospects in Indonesia continue to be unfavorable, as the country's export earnings are still depressed and import levels are maintained chiefly by the use of foreign credits.

While U.S. exports continued to decline in 1965 and this country slipped to third place as a supplier of the Indonesian market, Japan, West Germany, and the Netherlands have increased their sales despite discouraging trade conditions.

Their successful export drive has been helped by government-guaranteed credits and appears to result also from greater risk taking, a more aggressive sales policy, and freedom from the political pressures on U.S. traders arising from Indonesia's anti-U.S. policy.

So far, Indonesia's ability to pay its commercial obligations generally on time seems to have justified the liberal credit policy adopted by other foreign suppliers.

However, Indonesia's large debt servicing requirements continue to place a heavy drain on its foreign exchange earnings and to limit imports.

Indonesia's worsening financial position makes traders increasingly cautious about future commitments.

Indonesia's exports for the first half of 1965, led by higher exports of both rubber and petroleum, were at about the same level as in 1964. Smallholders' rubber production rose and the long-term rise in oil output continued. However, through September exports were estimated to be at least 10% less than the $479 million figure for the first three quarters of 1964, because of changes in the foreign exchange regulations in mid-1965 which lessened the rupiah returns to exporters.

Held 1964 level

Although import data are sketchy, 1965 imports are believed to have been near the 1964 level ($460 million from January-August 1964), supported by continued credit from overseas, but will be unfavorably affected by the fall in export earnings. Indonesian factories, short of imported raw materials and spare parts, continue to operate far below capacity and even essential food and textile imports are at a minimum.

The Government has announced that no more deferred payment transactions would be accepted from abroad. This policy will probably apply only to private businesses, however, with Government agencies and state trading companies still required to seek these terms in order to maintain a minimum level of imports.

The period immediately before the abortive September 30 coup against the Government was one of extreme pessimism among Indonesian traders. Importers were hard pressed to finance imports on the deferred payment basis required by the Government; private importers sought other means of livelihood because the Government seemed determined to handle all importing through state organizations.

The attempted coup temporarily disrupted international communications and further depressed external trade. Otherwise business is about as usual and the coup's economic impact has been less than might have been expected.

A currency revaluation was announced in December under which new rupiah notes will be issued to replace the old at a conversion rate of 1 new rupiah to 1,000 old rupiah. The automatic foreign exchange allocations granted exporters, known as SPP's *(Surat Pendorong Produksi)*, and similar export incentives have been replaced by export premiums. While details are not yet available, it is reported that the effective rate for both exports and imports will be set at Rp. 10,000 per U.S. dollar for old rupiahs (Rp. 10 per U.S. dollar for the new), but will be subject to change by the Ministry of Trade.

U.S. exports to Indonesia during January-October 1965 fell by almost one-third to $35 million.

By contrast, in January-July 1965 (compared with this period in 1964) Japan's exports to Indonesia increased by 53% to $73.2 million; West German exports rose by 13% to $36.6 million; and the Netherlands' exports rose by 157% to $17 million.

The 1965 decline in U.S. exports was due chiefly to the termination of rice and other PL 480 shipments, lower sales of locomotives and motor vehicles, and metal manufactures. Nearly all U.S. exports were privately financed in 1965. Major commodities in the first three quarters were machinery ($11.8 million), aircraft ($4.4 million), road motor vehicles and chemicals ($2.9 million each), and lubricating oil ($2.3 million).

U.S. imports from Indonesia for January-October 1965 declined by 3% to $136 million because of a fall in rubber and coffee imports.

No guarantee available

Unlike some of their principal competitors, U.S. exporters to Indonesia have not had access to government guaranteed credits, since no medium term guarantees or insurance are available from the Export-Import Bank or the Foreign Credit Insurance Association for shipments to Indonesia.

Indonesia's anti-U.S. policies and the seizure of U.S.-owned rubber estates and manufacturing plants in 1965 have further discouraged American traders from doing business with Indonesia.

The U.S. oil companies producing and refining petroleum in Indonesia continue to operate under their own management, despite the appointment of supervisory teams and the drive for "Indonesianization" of their management.

However, negotiations were continuing for the Government's purchase of the Stanvac refinery, the only U.S.-owned refinery in the country.

American rubber companies continue to buy latex and dry rubber from the estates they formerly managed. American films, however, are still banned, and various other American companies have gradually resigned themselves to a complete pullout from Indonesia.

Japan

U.S. exporters urged to concentrate on nation's expanding consumer market

By RICHARD J. SMITH
Far Eastern Division, BIC

Despite a business slowdown in Japan during the past year, U.S. sales to that country reached record levels. With recovery of the Japanese economy expected by mid-1966, U.S. exports to its second largest foreign market should show another moderate rise this year.

In 1965, Japan apparently achieved a favorable balance in its trade with the United States for the first time since 1959. Bureau of the Census statistics indicate that the U.S. imported $1,733 million worth of Japanese goods in the first nine months of 1965, while exports to Japan totaled $1,488 million.

U.S. imports rose sharply, being 35% higher than the corresponding period of 1964. U.S. exports were 8% higher, although part of the increase reflects a reclassification of certain U.S. trade data.

Final returns should show that normal increases of U.S. exports had somewhat narrowed this gap by the end of the year. Total exports to Japan in 1965 were probably a little above $2 billion, and the U.S. deficit about $200 million.

The shift in the trade balance this year can be largely attributed to what is, for Japan, an economic recession (expected real growth for fiscal 1965—ending March 31, 1966—is less than 4%, in contrast to 10.9% in fiscal 1964). On the one hand, falling investment and slowed-down production have reduced the requirements for imported raw materials and capital equipment. On the other hand, curtailed domestic demand and high inventories have led to determined and quite successful efforts by Japan to expand its exports.

Buys less scrap

Production cutbacks and the introduction of new production methods which require less ferrous scrap have sharply reduced Japan's imports of scrap, a leading U.S. export item.

Overall production is no longer falling, and finished goods inventories are showing signs of stabilizing, although at quite high levels.

Business confidence has been buoyed by the Government's announced intention to add the fiscal stimulant of deficit financing to the monetary measures already taken. The sharp rise in Japanese exports has compensated for reduced capital inflows, avoiding balance-of-payments difficulties.

Japanese Imports, Jan.-Aug. 1965

Total imports	$5,451 million
From U.S.	$1,575 million
U.S. share	29%

Japanese Exports, Jan.-Aug. 1965

Total exports	$5,453 million
To U.S.	$1,614 million
U.S. share	30%

Japan's chief imports from U.S.:
Industrial machinery, soybeans, corn, cotton, wheat, aircraft, ferrous scrap, coal, grain sorghums, office machines.

Chief exports to U.S.:
Iron and steel, radios and TV, clothing, motorcycles, fabrics, musical instruments, scientific apparatus, machinery, plywood, footwear.

Less favorable has been the continuing deterioration of corporate profits. According to a recent survey, corporate profits declined by 20.9% in the April-September period—the third successive 6-month business term in which profits have fallen.

The Japanese Government's Economic Planning Agency (EPA) expects that private plant and equipment investments will remain sluggish through the early months of 1966.

An upswing in the economy is expected after the beginning of the new Japanese fiscal year in April, but the increase in the rate of growth will be less dramatic than in previous recovery periods.

Even though the tempo of the economy slowed in 1965, retail prices continued their steady rise. The consumer price index for Tokyo increased by 5.7% from 128.2 in November 1964 to 135.5 in November 1965 (1960 = 100). Nonetheless, the wholesale price index has remained relatively stable.

Gross national product (GNP for fiscal 1965 is estimated at $75 billion, with the growth rate having slowed to less than 4% in real terms.

The recession is basically an inventory adjustment cycle brought on by overinvestment, which resulted in production running ahead of demand. However, it has been complicated by the fact that the previous expansionary cycle lasted only about one year, too short a time for business to absorb the costs of expansion. Thus, many firms were over-loaned in a period of falling demand.

The trade outlook is for continued high and increasing trade between the United States and Japan. Japan will retain its position as the second largest foreign market for American products, and the United States will remain Japan's most important trading partner.

Food leads way

Food and raw materials will continue to compose the largest part of U.S. exports to Japan for the foreseeable future. Nonetheless, consumer products will account for an increasingly significant share of those exports. Machinery and other capital equipment will remain a major export item, although competition from third countries and increasingly sophisticated Japanese production may limit the growth of these exports.

The United States Trade Center in Tokyo has already scheduled the following shows for 1966: Architectural hardware and building materials—February; U.S. feed trade exhibit and seminar—March; Garage and service station equipment—April; Specialized industrial modernization equipment—May; Specialized machine tool accessories and precision dimensional gauging equipment—June; Cardboard container manufacturing equipment—July; and Specialized equipment for the aviation industry—September.

The Trade Center is also planning individual firm exhibitions. In addition, an exhibit of U.S. baking equipment and printing machinery will be shown at the Osaka Trade Fair in April.

The U.S. share of Japan's imports fell below 30% in 1964 for the first time since the war, and for January through August 1965 the share was 28.8%. To prevent further slippage, an intensified sales effort by American business, aimed particularly at the expanding market for consumer goods, is clearly called for.

Korea

U.S. share of import market is static as trade ties with Japan grow stronger

By JOYCE C. BACHMANN
Far Eastern Division, BIC

Korean Imports, Jan.-Aug. 1965

Total imports	$276 million
From U.S.	$118 million
U.S. share	43%

Korean Exports, Jan.-Aug. 1965

Total exports	$101 million
To U.S.	$ 37 million
U.S. share	36%

Korea's chief imports from U.S.:
Wheat and flour, raw cotton, phosphatic fertilizers, barley, rye, wood pulp, iron and steel scrap, machinery and equipment.

Chief exports to U.S.:
Veneer board, clothing, raw silk, cotton textiles, rubber footwear, human hair, fish and shrimp, wool textiles.

Although Korea's overall imports are expected to increase in 1966, current trends indicate that the United States will at best maintain its share of the Korean market.

The encouraging outlook for increased Korean imports is largely due to the demand for capital equipment for new plants, the country's growing foreign exchange earnings, a more liberal trade policy, and the continuing substantial level of financial aid from the United States and other countries.

Chief cause of the static position of the U.S. share in the Korean import market is the intensified competition from Japan. Normal diplomatic relations were restored between the two countries for the first time in 60 years with the formal exchange of treaty ratification instruments in December.

Japanese businessmen, long pressing their interests on the threshhold of the Korean market, are ready for a concentrated export push and for investment possibilities. In addition, Korea will receive a total of $800 million from Japan over a 10-year period—$300 million in grants for raw materials and public works projects, $200 million in government loans for additional "infrastructure" projects, and $300 million in commercial credits to various industries.

GNP to rise

A revised estimate of 1964 gross national product (GNP) indicated a value of $2.2 billion, based on the post-May 1964 exchange rate. In real terms, this was an 8% increase over 1963. The estimate for 1965 and the outlook for 1966 are for rises of similar magnitude.

Manufacturing production was up 18% in the first nine months of 1965 over the same period of 1964. The opening of a new cigarette plant, extensive contracts for goods going to Viet-Nam, and export orders and shipments of textiles, clothing, and plywood contributed to the rise. Two new electric power installations began operation in 1965, raising Korea's generating capacity to 716,000 kilowatts by mid-1965.

The Korean Government is drafting a second five-year economic development plan. As with the current plan, which covers 1962-66, it will emphasize private investment, increased exports, development of manufacturing industries, and self-sufficiency in food production.

Although the Government's financial stabilization program had shown some results in curbing inflation, wholesale prices nevertheless rose 7% from mid-November 1964 to mid-November 1965, and consumer prices rose 10%. An interest rate reform permitting higher interest ceilings was implemented in late 1965 to curb private credit and bring about more effective mobilization of savings.

Korea's chronic foreign trade deficit continues to improve. In January-October 1965, the ratio of imports to exports dropped to less than 3 to 1, compared with nearly 4 to 1 in the same period of 1964.

The export goal for 1965 was set at $170 million, and ten-month exports totaled 78% of the year-end target. Intensive export promotion efforts, customs exemptions on raw materials for export industries, easier terms for export loans, and new export products contributed to the increase.

Korean imports for 1965 were expected to reach $425 million, and imports of $357.8 million for January to October were consistent with expectations.

U.S. exports to Korea valued at $146 million in the first nine months of 1965 were slightly below the figure for the corresponding period of 1964. There is little indication that U.S. exports in 1966 will be substantially above 1965. As noted earlier, Japanese competition has considerable influence on the U.S. market in Korea.

The United States may not be able to maintain the 40% share of the market it had in the first half of 1965, which in itself represented a sharp drop from the 50% share maintained for several years through 1964.

The U.S. share of Korea's aid-financed imports has been supporting the U.S. share of the overall market. Aid-financed imports, excluding those financed by development loans, were $75 million in January-July of 1965, with $67 million worth being supplied from the U.S.

In the more competitive sector of the market—commercial imports purchased with Korea's own foreign exchange (KFX)—the U.S. share fell from 21% in 1964 to nearly 12% in the first seven months of 1965 ($14.9 million of $128.8 million). At the same time, Japan's 58% share of the KFX market pushed its share of the total market to 38%, from 25% in 1964.

Better salesmanship

These developments clearly indicate the need for more vigorous selling efforts on the part of U.S. exporters.

U.S. firms are showing increased interest in direct equity investment, licensing agreements, and private technical assistance. Korea has a foreign investment law with liberal tax and other incentives, an abundant supply of labor and growing managerial capacity, and a Government receptive to private U.S. investment. Of six equity projects approved in July-September 1965, four involved U.S. capital.

The Korean Government, however, is considering a new law to control foreign investment which would eliminate or minimize many attractive incentives in effect, such as tax and tariff concessions.

Despite this, the Koreans have proposed a list of industries in which foreign participation is encouraged, including the petro-chemical industry, construction materials, farm-tool manufacturing, iron and steel manufacturing, and various metalworking facilities.

Malaysia

Growth continues despite Singapore breakaway, harassment by Indonesia

By LOUISE HILLSON
Far Eastern Division, BIC

Malaysian Imports,* Jan.-Sept. 1965

Total imports	$415 million
From U.S.	$ 21 million
U.S. share	5%

Malaysian Exports,* Jan.-Sept. 1965

Total exports	$552 million
To U.S.	$134 million
U.S. share	24%

* Excludes trade between Malaya and Singapore

Malaysia's chief imports from U.S.:
Tractors and parts, machinery, tobacco and manufactures, petroleum products, fertilizer, telecommunications equipment.

Chief exports to U.S.:
Tin, rubber, preserved fruits.

Prospects for expanded U.S. exports to Malaysia remain favorable, after a year in which both U.S. sales and the U.S. share of the market increased.

With the separation from Singapore on August 9, Malaysia now consists of Malaya, Sabah, and Sarawak.

Despite Singapore's withdrawal and rising defense expenditures caused by the Indonesian confrontation, Malaysia continues to make substantial economic progress. Its Gross National Product was estimated at $2.85 billion for 1965, and in real terms has grown by more than 6% annually over the past 5 years.

Prices have remained stable, although some inflationary pressure has occurred in Sabah and Sarawak. Despite the high population growth rate of over 3%, the per capita GNP has been rising steadily, and was estimated at $303 for 1965.

Reasonably good economic growth should continue during 1966. Business confidence remains generally high, public works and infrastructure projects are being completed on schedule, construction activity is brisk, and a new Five-Year Plan with investment targets considerably higher than those of previous plans will be implemented.

These developments, along with Malaysia's record of sound fiscal management, generally high level of administrative efficiency, and a competent and aggressive business community promise rising import requirements and an attractive investment climate. Artificial barriers to commerce are relatively minor.

The Malaysian Government has advanced the creation of a customs area comprising Malaya, Sabah, and Sarawak, but there are no immediate prospects for a common market or limited free trade area arrangement with Singapore.

Some economic cooperation was indicated when both Governments removed licensing requirements and quota restrictions on the movement of a long list of locally produced goods between the two countries. These restrictions had been imposed following Singapore's separation from Malaysia.

Optimistic

The Finance Minister's annual Budget Message for 1966 presented a generally optimistic assessment of the Malaysian economy, promised more assistance in the development of new industries, and committed the Government to work for higher economic growth.

Current trade figures are available only for Malaya, the major Malaysian trading area. These figures exclude Malayan trade with Singapore.

During January-September 1965, Malayan exports rose to $552.1 million from $482.2 million in the same period in 1964. Imports grew more slowly, and were $415.5 million compared to $387.5 million in 1964. The trend toward decreasing trade surpluses has thus been reversed.

Malaya-United States trade has been growing. During the first nine months of 1965, Malayan exports to the U.S. reached $134.4 million compared to $91.9 million in the same period of 1964. The United States share of Malayan exports rose from 19.1% to 24.3%.

Imports from the United States also rose, and in January-September 1965 totaled $21 million, compared to $16.3 million for that period of 1964. The U.S. share of the Malayan market increased from 4.2% to 5.1%.

According to U.S. Bureau of the Census reports, which combine United States trade with Malaysia and Singapore, machinery and transport equipment continued to make up the largest share of American exports to these countries. Other important U.S. sales were in tobacco and manufactures, lubricating oils and greases, chemicals, paper and paperboard, and textile manufactures.

While the market for imported consumer goods may be somewhat curtailed by the establishment of protected import-substitute industries, the demand is growing for capital goods, in which U.S. suppliers are strongly competitive.

New factories will need machinery and equipment, and the development projects being undertaken and planned by the Government offer opportunities for increased sales of factory, construction and excavation machinery, tractors, building materials, and a wide variety of industrial equipment and accessories.

Although U.S. suppliers face strong competition from Japanese, West European and Australian suppliers, they can win more sales by giving closer attention to the Malaysian market and by recruiting competent distributors.

United States sales of goods and services and capital investment in Malaysia have been aided considerably by the efforts of a U.S. Department of Commerce Trade and Development Mission which recently visited Malaysia.

Investors welcome

The Malaysian Government continues to encourage foreign investment, particularly in joint-ventures with Malaysian firms. The pioneer industry tax exemption legislation of the three Malaysian areas is being harmonized, and additional incentives are being considered.

The separation of Singapore and the recent adoption of protective tariffs limit the sales potential for Malaysian industries, and investors contemplating productive ventures in the area are carefully weighing their feasibility in view of the recently protected Singapore market.

The recent revision of the U.S.-Malaysia Investment Guaranty Agreement to cover all Malaysia and to extend coverage to losses due to war risk and certain business failure, should encourage U.S. investors contemplating ventures in Malaysia.

New Zealand

Economy should remain buoyant in 1966; relaxed import controls boost U.S. sales

By DEANE M. BLACK
Far Eastern Division, BIC

New Zealand's Imports, Jan.-June 1965

Total imports	$441 million
From U.S.	$ 53 million
U.S. share	12%

New Zealand's Exports, Jan.-June 1965

Total exports	$576 million
To U.S.	$ 66 million
U.S. share	12%

New Zealand's chief imports from U.S.:
Agricultural and industrial machinery, plastic materials, chemicals, crude fertilizers.

Chief exports to U.S.:
Meat, wool, hides and skins, dairy products, casein.

U.S. exports to New Zealand should continue to rise in the months ahead. Sales in August and September, two months which together accounted for 37% of the first nine months' trade in 1965, are directly attributable to the recent liberalization moves exempting additional items from licensing requirements and liberalizing the issuance of licenses for controlled imports.

Although the higher momentum of the late summer months may not continue, New Zealand's export earnings are expected to increase, permitting the maintenance of a high level of imports.

U.S. exports to New Zealand, valued at $99 million in the first nine months of 1965, registered a phenomenal increase 54% over the same period of 1964, reflecting New Zealand's higher export earnings, the demands of a buoyant economy, and the relaxation in import licensing controls.

In spite of the balance-of-payments deficit for the import licensing year ending June 30, mild inflation and an increasingly tighter credit squeeze, industrial and commercial activity in New Zealand remains buoyant.

The confidence and optimism of the manufacturing and trading community also stems from the relaxation of import licensing controls, removal of price controls from some commodities, and the Government's announced intention to borrow from abroad to the extent necessary to maintain the tempo of the economy and the level of needed imports.

Generally healthy

The generally healthy state of New Zealand's economy has been evident since 1962. Average annual growth of the country's gross national product (GNP) was almost 10% during this period. Export earnings of more than $1 billion in 1964 were 38% higher than 1962, and imports of nearly $900 million were 30% higher than 1962's.

GNP is officially estimated to have reached $4.9 billion in the financial year which ended in March 1965, representing an advance of 9.4% over the 1963-64 figure. The increase in real terms in 1964-65 may not quite match the preceding year's total of 6.2%.

There are still signs of strain in the economy, but the Government's anti-inflationary measures are beginning to be felt throughout the economy. A consistently strong construction program and a chronic labor shortage (less than one-tenth of one percent of the work force is currently unemployed) had increased inflationary pressures, and the Government's general approach has been to progressively intensify restraints on demand to reduce the strain on resources and on the balance of payments.

Although the surplus of commodity exports in the fiscal year ending June 30, was $105 million compared with a surplus of $137 million for the previous year, prospects for fiscal 1965-66 look bright for a higher level of export earnings, due to an expected increase in the volume of meat exports and higher prices for wool.

Exports to the U.S. were down 16% from the previous year, due primarily to a 35% decrease in shipments of meat. As a result, the U.S. share of New Zealand's export trade dropped to 12.9% (from 15.2%). Shipments to the EEC increased by 16%, and exports to the U.K. were up 8%.

Total New Zealand imports for the same period were over $909 million, an increase of 3.5% over the previous year. Imports from the U.S. rose to $105 million, resulting in an increase of 27% over the year before, and a slight rise in the U.S. share of the market from 10.3% to 11.6%.

Manufactured fertilizers, sulphur, special industrial machinery, and agricultural and office machinery accounted for most of the increase. These same categories appear to offer the best opportunities for increased U.S. sales in the months ahead.

Substantial increases in trade between New Zealand and Australia are expected to result when the full potential of the recently concluded Free Trade Agreement between Australia and New Zealand is realized, perhaps in 1969 or 1970. Australia now takes only about 4.6% of New Zealand's exports, of which some 60% are wood and paper products.

Australia, on the other hand, is New Zealand's second supplier and the source for about a fourth of its imports. Imports from Australia in 1964 were valued at over $181 million, 40% of which were manufactured goods.

Trade deficit

The decline in New Zealand's export receipts in the fiscal year ended June 30 combined with the increase in imports and in other current payments to produce a deficit of 75.6 million compared with a surplus of $5.6 million in 1963-64.

Recent official statements have stressed the Government's determination to continue liberalizing the import licensing system on a step-by-step basis, to minimize the risk of having to reintroduce controls. For the 1965-66 licensing year, about 90 items were added to the list of goods exempt from licensing. Nearly one-third of imports are now freed from control. However, according to the Minister of Finance, the 1966-67 import licensing schedule will be influenced by the success of the Government's credit restraint policy. He indicated that, although further economic restraints may be necessary, the Government has no intention of reimposing controls on items now exempt from import licensing.

Philippines

U.S. exporters expect trade gains, reversing slight dip in '65 sales

By FLOYD J. DUBAS
Far Eastern Division, BIC

Philippine Imports, Jan.-Sept. 1965

Total imports	$627 million
From U.S.	$224 million
U.S. share	36%

Philippine Exports, Jan.-Sept. 1965

Total exports	$549 million
To U.S.	$260 million
U.S. share	47%

Philippines' chief imports from U.S.:
Machinery, transport equipment, cereals, electrical machinery and apparatus, textiles, metals and manufactures, raw cotton.

Chief exports to U.S.:
Sugar, coconut products, cotton manufactures, plywood and veneers, abaca.

Incomplete trade returns indicate that U.S. exports to the Philippines in 1965 were down slightly from the record 1964 level of $360 million. U.S. sales should pick up this year, however, and American suppliers, should be able to raise their share of increased Philippine imports.

An upturn in total Philippine imports during 1966 will depend partly on the success of the measures contemplated by newly-elected President Marcos, who took office on December 30. Most significant of his plans are those to improve the administration of revenue collecting agencies and to expand production.

Normalization of imports in 1966 after a rush to build up inventories during 1964 and the subsequent stock drawdown during 1965 should also mean higher imports this year.

Inventories of U.S. goods built up during 1964 both in anticipation of the substantial reduction in the Philippine tariff preferences accorded American imports, on January 1, 1965 and to outrun the expected higher statutory tariff rates (which failed to materialize) were generally dissipated in 1965.

U.S. exporters have had a year to adjust to the new level of Philippine tariffs. American goods are now dutiable at 90% of the regular Philippine tariffs, and this preference level will apply until 1974 in accordance with the Revised Trade Agreement between the two countries.

However, this small degree of protection does not provide a significant market advantage for American goods.

Varying estimates of gross national product (GNP) for both 1964 and 1965 indicate an annual growth of 4 to 6% in real terms, with growth in 1966 subject to the success of the Marcos administration's proposed economic improvements.

Price line holds

The outgoing Government's tight credit policy during 1965 has held the line on prices. The Philippines foreign exchange position improved materially, and the peso held firm at the free market rate of 3.9 to $1 which in November became the new official par value applicable to all foreign transactions. Previously this rate applied to only 80% of export earnings of major exporters, who had to surrender the remaining 20% at the old rate of 2 pesos to $1.

The resultant increased peso earnings for exporters, estimated at 250 million pesos ($64.1 million) annually, may help to relax credit, and possibly increase imports.

Debate regarding the role of foreign investors in the Philippine economy continued during the year amid uncertainties posed by the possibility of new investment legislation, and by continued litigation in connection with the Retail Trade Nationalization Act which could adversely affect the marketing operations of a number of American firms. Although several major proposed U.S. investments failed to materialize because of a variety of obstacles, other ventures backed by American capital were initiated and additional U.S. companies were exploring participation in Philippine projects.

Development loans

In the non-equity area, the Philippine Government negotiated substantial loans from several institutions in the United States and Europe earmarked for industrial development.

The trend of the past few years toward a higher proportion of imports of capital goods over consumer items may accelerate as demand rises for producer goods to equip new and expanding industries.

Chemical fertilizer imports will decline, due to a major new fertilizer plant which went into production at the end of 1965; also, increased self-sufficiency in canned fish should result as new plants start to operate in 1966.

Imports of transport equipment and non-electrical machinery for 1965 approximate the high 1964 levels, while imports of cereals in the first six months had already reached about 60% of the 1964 totals. A speedup in momentum of capital goods imports will probably take place in 1966, to fill the rising demands of new plants and plant expansion, and for farm machinery and equipment for basic development projects.

The extent to which the new Administration can implement the proposed economy-improvement measures will largely determine the extent of import growth during 1966.

U.S. suppliers should be able to benefit from the increase in Philippine imports and, at the same time, approach the 40% share of the market which they had in 1964. Many U.S. products are well established and favored in the Philippines, where the U.S. is still the leading supplier.

However, foreign suppliers are aggressively selling in the Philippines, as indicated by the increased visits by individual businessmen and trade groups.

There continue to be indications that American exporters are losing sales to foreign competitiors who offer more flexible and liberal payment terms.

U.S. exporters maintain a strong competitive position in the following categories: transport equipment; machinery, including electrical; cereals and wheat; raw cotton and textiles; chemicals; paper and paperboard; dairy products; aircraft and parts; and telecommunications equipment.

Export trade opportunities presented by the official U.S. Trade Mission which visited the Philippines in early 1965 have proved the salability of a wide range of American products. Likewise, the newly established Sample Display Center in the U.S. Embassy in Manila, which exhibits products of United States suppliers, has stimulated interest in American products not yet sold in the Philippines.

Singapore

Government to offer new incentives to attract export-producing investments

By LOUISE H. HILLSON
Far Eastern Division, BIC

U.S. sales to the newly independent nation of Singapore should continue to expand in 1966.

Although small in area (225 square miles), Singapore has a population of almost 2 million. It is embarked on a dynamic program of economic development and enjoys the highest standard of living in Southeast Asia.

Due to the loss of trade with Indonesia, Singapore's gross national product increased only slightly in 1964, to an estimated $824 million, but apparently made better gains in 1965. Per capita GNP is approaching $500 per year.

Singapore started an intensive industrialization program in 1961 in order to reduce dependence on income from entrepot trade and ancillary services, and provide employment for its rapidly growing population. The common market agreement concluded between Malaysia and Singapore when Malaysia was formed in 1963, gave some encouragement to investors who saw that new industries formed in Singapore could eventually enjoy a tariff-free market throughout Malaysia. This agreement was never implemented, and was canceled when Singapore separated from the new nation.

Licensing rules adopted

Following this action, both areas adopted licensing requirements and quota restrictions on the movement of locally made products from one area to the other.

More recently, some progress has been made in economic cooperation by eliminating these restrictions. However, efforts to work out a common market or limited free trade area arrangement have been unsuccessful.

Short-term prospects for such an agreement are not favorable, and investors in new industries cannot plan to sell their products in Malaysian markets on a duty-free basis.

While this situation has discouraged some potential investors, new investments are still being made and considered, and the recent decision of a major petroleum refining company to construct a multi-million dollar refinery in Singapore to produce mainly for export provided a big boost for the Singapore investment climate.

Singapore's trade rose during 1965, but is still below the levels prevailing prior to the loss of trade with Indonesia. Total exports during January-September 1965 totaled $494.7 million, compared to $445.1 million for the comparable period of 1964. Imports increased to $717.5 million, compared to $658.5 million for the first nine months of 1964.

Singapore's principal imports were petroleum products, machinery, textile manufactures, cereals, transport equipment, and fruits and vegetables. Chief suppliers were Japan, the United Kingdom, Mainland China, the United States, Sarawak and Australia.

The share of United States suppliers in the Singapore market was 6.7% in January-September 1965. U.S. sales inched ahead to $47.9 million, compared to $47.4 million for the same period in 1964. Exports worth $30.1 million to the U.S. constituted a slight increase from $27.7 million in January-September 1964.

Machinery and transport equipment continued to make up the largest share of American exports to the countries which formerly constituted Malaysia. Other important U.S. sales were tobacco and manufactures, lubricating oils and greases, chemicals, paper and paperboard, and textile manufactures.

Continuing economic development in Singapore, sparked by the promise of additional Government incentives to new industries, will mean increased import requirements for capital and consumer goods. Additional import requirements are also being generated by expansion of education and health facilities, and public works expansion.

The United States faces strong competition from suppliers in Japan, Western Europe and Australia who are driving for the Singapore market by careful selection and supervision of distributors, providing full promotional, technical and engineering services, and offering flexible payment terms.

A United States Trade Mission recently visited Singapore and offered local firms a large number of business proposals from firms wishing to sell American products and establish or participate in Singapore enterprises.

U.S. displays

Shortly thereafter, in December, a number of American machine tool manufacturers participated in a Machine Tool Exhibition in Singapore, where they displayed a wide range of machinery and equipment needed in the area.

Singapore is changing its free port status somewhat, to encourage local industries. Imports of many products which are also produced locally are now subject to licenses, quota restrictions, and tariffs. However, tariffs and quotas are generally not applied to imports of most machinery and equipment, which are the major U.S. exports to the area.

The Singapore Government acknowledges the need for foreign capital to help develop local industries, and avoids restrictions on foreign investments and business activities. It is considering plans to offer additional concessions and incentives to attract both domestic and foreign capital into new industrial enterprises, particularly those producing for export.

The Government target is the creation of some 200 moderate-sized factories over the next five years, to produce mainly for export. The Economic Development Board has undertaken studies of industries feasible for local development and has already completed detailed surveys of over 50 products regarded as suitable for local production.

Singapore's Imports,* Jan.-Sept. 1965

Total imports	$717 million
From U.S.	$ 48 million
U.S. share	7%

Singapore's Exports,* Jan.-Sept. 1965

Total exports	$495 million
To U.S.	$ 30 million
U.S. share	6%

* Excludes trade with Malaya

Singapore's chief imports from U.S.:
Machinery, tractors and parts, tobacco manufactures, petroleum products.

Chief exports to U.S.:
Rubber, ship and aircraft stores, spices, clothing.

Taiwan

Despite 30% commercial sales gain, U.S. is losing ground to Japan

By TADD A. LINSENMAYER
Far Eastern Division, BIC

Taiwan's Imports, Jan.-Sept. 1965

Total imports	$400 million
From U.S.	$132 million
U.S. share	33%

Taiwan's Exports, Jan.-Sept. 1965

Total exports	$337 million
To U.S.	$ 66 million
U.S. share	20%

Taiwan's chief imports from U.S.:
Cotton, wheat, soybeans, pulp, synthetic resins, steel scrap, machinery, aircraft parts, telecommunications equipment.

Chief exports to U.S.:
Textiles, clothing, canned foods, sugar, citronella oil, tea, plastic articles.

If total U.S. performance in Taiwan's market in 1965 is any indication of what will happen in the near future, 1966 should be another very good year for U.S. trade. A closer look at the composition of this trade, however, particularly the non aid-financed sector, reveals that the U.S. is losing ground in this fast-growing market.

Taiwan enjoyed another very prosperous year during 1965. Its industries continued to produce an ever-increasing amount and variety of goods. Industrial production for January-September was 17% above the 1964 level; the construction industry index leaped by ver 200%; and production of major crops, such as rice, sugar, pineapple, bananas, asparagus and mushrooms equalled or exceeded 1964 levels.

Loans from various foreign governments and international organizations continued to flow in as the U.S. aid program was terminated. Assistance programs totaling nearly $2.3 million were signed with the United Nations Special Fund for projects related to shipping, forestry, and livestock; the International Bank for Reconstruction and Development (IBRD) agreed to a $20 million loan to modernize Taiwan's railroads; the Canadian Government made a $5 million loan for lumber and furniture production; and Japan topped the lot with a $150 million equivalent yen credit.

Although the fear of inflation persists in some circles, the wholesale price index actually declined by 5% during the first nine months of 1965, and major city consumer prices registered only a small increase. The money supply as of September 30 was 12% above the September 30, 1964 level, a considerably smaller jump than the 30% increases of 1963 and 1964.

Indeed, the only real flaw in Taiwan's economic development is harbor congestion. Taiwan's trade has been expanding faster than the two major ports can handle, and at the peak season around mid-year the ports were swamped. Incoming ships frequently had to wait three days for wharf space.

Situation better

This situation had improved substantially by the end of September, partly because of temporary actions taken by harbor authorities and partly because of a normal reduction in ship arrivals.

The Government hopes to solve this problem through a revised port expansion program which will increase the total cargo-handling capacity of the two ports from 9.8 million tons to 12.5 million tons by 1968.

All in all, Taiwan is doing very well, and has earned a good international credit rating. It is also an excellent market.

From January through September Taiwan imported $400 million worth of goods, $116 million or 40% more than for the same period in 1964. Although part of this increase was the result of increased U.S. aid arrivals, most of the increase ($96 million was in non aid-financed commercial imports.

Total imports from the U.S. reached $133 million during this period, an increase of $39 million or 41% over the 1964 level. This increase just about equalled the increase in Taiwan's total imports, thus maintaining the U.S. share of the market at the 1964 level of 33%. However, total imports from Japan soared by 55%, giving that country 39% of the market compared to 35% in 1964.

Exactly what does this mean in terms of the competitive position of the U.S. in Taiwan? Although total imports from the U.S. increased by $39 million during January-September 1965, $20 million of this increase was in aid-financed goods, including goods for continuing projects.

New U.S. aid funds, however, were terminated on June 30. Therefore, the non aid-financed sector is the most significant for future U.S. sales to Taiwan, and here the U.S. is slipping.

Non aid-financed imports from the U.S. increased by $19 million or 30%. While this is a fairly healthy increase, it did not match the increase in Taiwan's total non aid-financed imports and the U.S. share of this important market actually fell from 25% in Jan.-Sept. 1964 to 23% during the same period of 1965.

At the same time Japan, our principal competitor in Taiwan, increased its share of this market to 44%.

To help businessmen interested in selling to Taiwan, the Department of Commerce is preparing a comprehensive market survey which should be available by mid-1966. The May 24 issue of INTERNATIONAL COMMERCE contained the report of the U.S. Trade Mission which visited Taiwan in March.

New investment

On the investment side of the picture, 1965 saw a number of large U.S. companies either open plants in Taiwan or receive approval from the Chinese Government to do so. Gulf Oil opened a big lubricating oil plant in May; Pittsburgh Plate Glass signed a licensing agreement to produce sheet glass; Esso signed an option on land for a possible investment to produce sponge iron; Philco obtained approval for a plant to produce electronics; and National Distillers will build a plant to produce polyethylene. In addition, both the First National City Bank of New York and the Bank of America have opened offices in Taipei.

For the first three quarters of 1965 the Chinese Government approved foreign investment and loan applications totaling nearly $25 million. Early in January 1965 it revised and expanded Taiwan's foreign investment incentive legislation, and also passed legislation to create the island's first duty-free export processing zone at Kaohsiung, its principal harbor. Construction of facilities has begun, and the zone administration has approved over 20 investment projects.

Thailand

Added attention by U.S. businessmen is paying dividends in growing market

By LARRY V. LUTHER
Far Eastern Division, BIC

Thailand's Imports, Jan.-June 1965

Total imports	$339 million
From U.S.	$ 55 million
U.S. share	16%

Thailand's Exports, Jan.-June 1965

Total exports	$298 million
To U.S.	$ 13 million
U.S. share	4%

Thailand's chief imports from U.S.:
Machinery, transport equipment, textiles and wastes, tobacco and manufactures, chemicals, pharmaceuticals.

Chief exports to U.S.:
Tapioca and cassava, rubber, kapok, lac and tea.

Nineteen-sixty-six promises to be a good year for United States commercial activities in Thailand.

American businessmen are concentrating more efforts and resources to expand their commercial operations in Thailand, and United States exports in 1965 may have approached the record level of 1963.

An optimistic view for expanded sales to Thailand, both in the immediate future and over the longer run, is based on several favorable considerations: Thailand is continuing to import increasing amounts of capital and consumer goods, particularly those needed for large-scale development programs; American suppliers are maintaining their relative 16-17% share of this market, strengthening their commercial ties with Thai buyers, and exploiting a greater number of new trade opportunities as they arise; a number of American firms entering the Thai market for the first time via the U.S. Trade Center may be expected to expand profitable commercial operations there; and Eximbank, AID, and World Bank financed projects in Thailand—in which U.S. firms participate heavily as developers and suppliers—are increasing in number and scope.

Expansion possible

Therefore, despite intensified competition from Japanese and European suppliers and a possible short-term leveling trend in Thai trade, there are good reasons to believe that U.S. suppliers will be able to maintain and probably expand their recent share of the Thai market in 1966.

Thailand's economy made good progress in 1965 and is expected to maintain a good growth momentum in 1966. A projection for 1966 places gross national product (GNP) at $3.8 billion and per capita income at $118. Thus the recent real growth rate of 6 to 7% per year in GNP should continue throughout 1966.

Entering its sixth straight year of economic expansion, Thailand has maintained its reputation for a sound economy, fiscal integrity, political stability, and a progressive trade outlook.

Foreign businessmen are becoming attracted to this favorable business climate in increasing numbers, and larger amounts of foreign capital have moved into the country.

Compared to 1964, Thailand's two-way trade during the first six months of 1965 remained remarkably constant and may portend a short-term leveling period. According to Thai sources, trade in the first six months of 1965 was running 2% above the 1964 level. Thai imports were up 3%, but exports were less than 1% above the comparable period of 1964, reaching $336.8 million and $298.5 million respectively.

United States trade with Thailand is keeping pace with the country's overall trading pattern. Thailand's imports from the U.S., valued at $54.8 million, for the first six months of 1965, were just slightly below the comparable figure for 1964; and Thailand's exports to the United States were running somewhat above the 1964 level. More recent U.S. Census data indicate that Thailand's purchases of U.S. products for 1965 were probably up moderately over the 1964 total

Available returns indicate that the Thai trading relationships are also remaining constant: Japan, the leading supplier with 31% of the market, is followed by the U.S., United Kingdom, and Germany.

U.S. sales have remained high for mineral fuels, lubricants and related products, chemicals and chemical products, industrial construction and transport equipment, and manufactured goods.

Recent decreases in Thai tariff rates on capital goods, as an incentive to Thai businessmen to modernize their equipment and expand production facilities, have apparently had only a slight effect on imports. A slight increase in rates on some consumer goods appears to have had an equally negligible effect.

The U.S. Trade Mission to Thailand in early 1965 produced a number of trade and investment opportunities, particularly in the fields of metal working, lumbering, woodworking, food processing, refrigeration, and agricultural machinery and equipment. Early returns indicate that the Trade Mission generated several agency relationships and new product sales for American goods.

The U.S. Trade Center in Bangkok is providing strong assistance for promoting U.S. exports to Thailand, with its theme shows and continuing Sample Products Display Services. Several exhibits scheduled during 1965—in particular the hotel, restaurant and apartment house equipment show—exceeded expectations for direct and projected sales and agency agreements for American suppliers.

Scheduled shows

Shows featuring mining and industry safety equipment and agricultural equipment and machinery, scheduled for 1966, are expected to be equally productive.

Total cash and projected sales at the Trade Center to date have been over $13 million.

The Sample Products Display Service located in the Trade Center and operating concurrently with theme shows, has brought 10 or 15 new product lines into the Thai market each month. The flexibility of this facility has been a particularly attractive feature as American firms are able to display products in several categories without conforming to a single group theme and displays may be programmed on a short term basis.

Several large investments by Americans are now under consideration or are being implemented. The larger ventures include a $27-$34 million kraft paper mill, a mechanical equipment and machinery factory, and a new luxury hotel.

Near East-South Asia

Aid programs help U.S. exporters maintain position as area's leading supplier

The United States was the principal supplier of most of the countries in the Near East and South Asia area in 1965 despite spot reductions of exports during the second half of the year.

The January-September figure of $1.8 billion for U.S. exports in 1965 was 3% higher than that for the corresponding months of 1964. The level of U.S. exports to the area will be maintained and may well be increased in 1966.

In any event, the United States is likely to remain in its leading supplier position.

In several countries, demand for U.S. goods and services far exceeds the nation's capacity to earn foreign exchange and sales are conditioned by continued availability of U.S. financing, aid, and PL-480 shipments.

As an example, uncertainty over U.S. financing led Pakistan to withhold import licenses in the second half of 1965, and consequently U.S. exports of steel to Pakistan dropped by 50% during that period.

Going up steadily

In the oil producing countries which earn vast amounts of foreign exchange, U.S. sales are going up steadily, although the amount of increase may be overstated in some cases due to the reclassification of certain U.S. data.

In the first nine months of 1965, U.S. exports increased over the corresponding months of 1964 by 37% in the case of Iran, 32% for Saudi Arabia, and 18% for Kuwait. They declined by 39% in the case of Iraq because the 1964 figure includes non-recurring sales of wheat, rice, and electric generators.

Wide variety

U.S. exports to the countries of the Near East and South Asia comprise a wide variety of items, from foodstuffs and consumer goods to agricultural machinery, earth moving equipment, railway vehicles, power generators, chemicals and fertilizers.

In 1965 there was an acceleration of the shift of U.S. exports from consumer items to capital equipment and industrial raw materials. This shift in the structure of U.S. exports varies from country to country, as indicated in the articles which follow, but it is fairly general.

It is anticipated that the trend will be further accelerated in 1966.

Nevertheless, demand will remain strong for the U.S. agricultural products which now constitute about 40% of our exports to this area. In particular, there will be a heavily increased demand from India, because of an extremely poor crop.

Uncertainty

The repercussions of the conflict between Pakistan and India have created uncertainty regarding their ability to attain their development goals and maintain their high import levels from the United States which highlighted the first half of 1965. If there is some accommodation between the two countries, the flow of U.S. trade will probably be fully resumed.

By the same token, a continuation of the uncertainty is likely to have longer-ranging effects on potential investors—both local and foreign.

The continued nationalization of foreign trade in Burma, the UAR, Syria, and Iraq has also clouded the outlook for U.S. sales.

On the other hand, the new Government of Ceylon which came to power last March has taken a number of concrete steps to improve the climate for trade and investment. Since the settlement compensating the nationalized oil companies, U.S. and free world aid has been resumed and prospects are for a significant market growth in Ceylon.

Business approves

Recent election in Turkey brought to power a government that is popular among businessmen, who believe it will lend support to private enterprise and reduce restrictions.

There were also changes in the governments of Iraq and the UAR and the new cabinets have given top priority to the improvement of economic conditions. To the extent that they are successful, their actions may well affect commercial relations with the United States.

In Israel, Lebanon, Kuwait, and Saudi Arabia, the business climate is excellent. U.S. sales are continuing to expand at a rapid pace in these markets. In Saudi Arabia, U.S. exports totaled $85.6 million in the period January-September 1965, compared with $89.2 million for all of 1964.

The preceding article was prepared by the staff of the Near East-South Asia Division, Office of International Regional Economics, Bureau of International Commerce.

U.S. Trade with Near East-South Asia

(In millions of U.S. dollars)

	U.S. Exports[1]		General Imports	
	Jan.-Sept. 1964	Jan.-Sept. 1965[1]	Jan.-Sept. 1964	Jan.-Sept. 1965
Near East-South Asia Total	1,738[2]	1,793[2]	592[2]	692[2]
Percent of U.S. Total	9.8	9.5	4.3	4.5
Burma	14	12	1	1
India	679	738	222	260
Iran	86	118	58	63
Iraq	46	28	5	11
Israel	136	141	42	46
Kuwait	40	47	39	37
Lebanon	42	48	7	4
Pakistan	258	245	30	34
Saudi Arabia	65	86	63	85
Syrian Arab Republic	8	10	4	3
Turkey	107	119	37	67
United Arab Republic (Egypt)	192	133	14	14
Other Near East-South Asia	63	68	72	69

[1] Includes re-exports, but excludes special category exports. Data for 1965 are not fully comparable with previous years due to declassification in 1965 of certain special category data. If compared with 1964 data, the 1965 export figures would tend to overstate increases and understate the extent of a decrease.

[2] Figures do not necessarily add to totals because of rounding.

India

Imports from U.S. and the world dip as sub-continent's problems pile up

By RALPH C. MEIMA and PETER B. HALE
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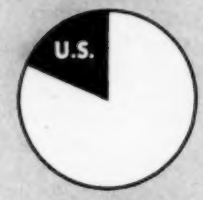
India's first-half 1966 foreign trade outlook indicates a probable drop in imports compared to 1965, with U.S. shipments especially affected. India's exports may also be well below a year earlier, though not as much as imports.

The conflict with Pakistan, worsening foreign exchange shortages, and poor harvests brought ever-tightening import controls and a consequent reduction in foreign purchasing plans by India's Government and industry alike.

Foreign exchange assets of the Reserve Bank of India had fallen to $176 million by early October, compared with $200 million at the close of 1964 and $222 million in December 1963.

Indian Imports, Jan.-May 1965

Total imports	$1,046 million
From U.S.	$ 297 million
U.S. share	28%



Indian Exports, Jan.-May 1965

Total exports	$ 676 million
To U.S.	$ 124 million
U.S. Share	18%

India's chief imports from U.S.:
Food grains, machinery, transport equipment, nonferrous metals, textile fibers.

Chief exports to U.S.:
Jute products, cotton textiles, cashew nuts, sugar, tea.

A suspension of new U.S. economic assistance commitments in mid-1965 further reduced inflows of exchange available to purchase U.S. goods.

Although the U.S. program to supply foodgrains to India was speeded up, no new aid plans have been announced.

In recent years India has financed 90% of her imports of U.S. goods with aid funds, and continued stoppage of nonagricultural aid would sharply reduce India's purchases of U.S. industrial raw materials and manufactures.

Discussions about aid may well be included in the agenda during Prime Minister Shastri's official U.S. visit this month.

India's market continued to expand during 1965. Population increased by approximately 2.4% to reach some 482 million. Gross national product in current prices for the year ended last March 31 rose to $43 billion, compared to $40 billion the year before. However, late 1965 figures may show a leveling off which could continue into 1966, reflecting economic setbacks caused by drought and the dispute with Pakistan.

Although the local capital market remains depressed, there has been no panic selling of industrial securities. India's business community is taking a reservedly optimistic view of the future and continues to seek new investment and other business opportunities.

Eased rules likely

Some new signs point to a possible streamlining and liberalization of rules governing direct foreign investment in Indian industry. In October the Government implemented a number of special programs aimed at mobilizing internal resources and foreign exchange.

Prices in India turned down with seasonal demand early in 1965 and then rose sharply during the summer as new import curbs produced scattered shortages.

The wholesale food price index reached a new high in August. Although some prices later tended to decline during the unsettled conditions accompanying the India-Pakistan border dispute, growing shortages of many key items can be expected to bring renewed and possibly more severe upward price pressures.

Unusual drought conditions in most growing areas have decreased locally available food supplies and may push food prices to new highs. Foreseeing this, the government has introduced food rationing in all cities of 100,000 and over.

A new drive to increase food output has been started, and the recent $50 million U.S. fertilizer commitment is an important step in this program.

The United States continued as India's major supplier for the 12 month-period which ended May 31, the latest month of record. But the U.S.'s 36% share of India's import market fell below the comparable 1964 figure of 38%. This decline was due chiefly to a drop in shipments during the U.S. dock strike.

As in the past, principal U.S. exports to India during 1965 were foodgrains, industrial and agricultural machinery, base metals, transport equipment, and fuels and lubricants.

Significant U.S. sales gains occurred in copper, fertilizers, electric power machinery and switchgear, and railway and aircraft equipment. Decreases were registered in pulp and paper, iron and steel mill products, power generating equipment, and a wide range of metalworking and special purpose industrial machinery.

India's dwindling foreign exchange reserves led to stringent import curbs in August which probably will extend at least into mid-1966. The move followed an April 1-June 30 moratorium on the issuance of import licenses against free foreign exchange.

Major policy goals now include increased reliance upon domestic sources of goods and services, and a reduction in imports of non-essentials.

Import quotas cut

Import quotas for established import traders were drastically cut, and those for some 60 items were eliminated altogether. Foreign exchange allocations for imports by actual users (industrial producers) have not been made public. Applications are considered on a case-by-case basis.

Tariff changes also announced in August included the continuance of the 10% ad valorem regulatory duty imposed on practically all imports in February, and the elimination of an earlier 10% surcharge. The tariff now ranges from a low of 15% ad valorem on agricultural machinery to 100% on most consumer goods, with some (notably foodgrains and fertilizers) still entering duty free.

India's new Five Year Plan, originally scheduled to begin next April, has been shelved and present discussions contemplate a one year plan beginning April 1. There has been no indication of amounts and uses of funds to be allocated, but agricultural and defense production will probably get major emphasis. The canceled plan called for average annual expenditures of about $9.45 billion, with one-third going to private sector development and the balance to the public sector.

Iran

Rapid import growth may taper off, but U.S. share of market is growing

By ROGER D. SEVERANCE
Near East-South Asia Division, BIC

Iran's Imports, Jan.-Aug. 1965

Total imports	$594 million
From U.S.	$112 million
U.S. share	19%

Iran's Exports,* Jan.-Aug. 1965

Total exports	$104 million
To U.S.	$ 13 million
U.S. share	12%

* Export data exclude oil shipments.

Iran's chief imports from U.S.:
Vegetable oils, pharmaceuticals, agricultural tractors, well-drilling equipment, motor vehicles and parts, wheat.

Chief exports to U.S.:
Crude petroleum, hides and skins, oriental rugs, raw cotton.

Iran's imports are expected to continue at their present level into 1966 but the rapid increase of the past two years should taper off.

Oil revenues, government expenditures for development projects, and private investment activity are increasing and providing the impetus for import demand. Central Bank restrictions, instituted in August and aimed at controlling foreign exchange expenditures by private firms, may have a restraining impact on 1966 imports.

With economic activity generally on the upswing, the business community is confident. Construction activity, industrial loans by the Industrial and Mining Development Bank, and the demand for commercial bank credit increased during the first half of 1965.

Increases in time and saving deposits were lower than in the previous year.

Iranian statistics indicate that the United States is steadily increasing its share of the market. Imports from the United States totaled $131.1 million for 17.5% of the market in the Iranian year ending March 20, 1965, compared to $82.1 million for 15.8% of the market in the previous year.

For the first five months (March 20 to August 22) of the current Iranian year, imports from the United States totaled $73.4 million for 20.3% of the market.

Upward trend

Total Iranian imports for the last Iranian year amounted to $749.6 million, up significantly from the total of $518.6 million the previous year. This upward trend continued into the current year as imports totaled $361 million for the first five months.

According to U.S. trade figures, exports to Iran amounted to $118.2 million in the first nine months of 1965, while imports from Iran were $62.6 million.

The most important Iranian imports are machinery and parts and iron and steel products, which account for approximately 35% of the total. Chemicals, pharmaceuticals, electrical machinery, motor vehicles, sugar, wheat, paper and cardboard are being imported in lesser amounts.

Foreign exchange receipts amounted to $933.4 million for the last Iranian year. Since one-time payments of $202.5 million were included in this total, a decline in receipts is expected for the current year. Exchange receipts for the first three months of the present Iranian year were $189.9 million.

Consortium crude oil production was 484.3 million barrels for the first three quarters of 1965, representing an increase of 9.5% over the same period in 1964, and Consortium payments to the Iranian Government totaled $368.2 million. Five of the six international oil groups which recently were awarded offshore concessions in the Persian Gulf had begun drilling operations by the end of 1965.

Actual expenditures on planned development projects by the Government's Plan Organization totaled $256 million for the first six months of the current Iranian year (March 21 to September 22). This is a rise of over 60% from the previous year and represents a little less than half of the entire current year's development plan budget.

Development spending was given a boost this year by expenditures of a major portion of $185 million in offshore oil concession bonus payments. Expenditures next year may, therefore, be at a lower level.

In an attempt to check rising imports, the Central Bank imposed credit and import restrictions. Central Bank reserve requirements for savings, time, and demand deposits were raised, and the prior cash deposit requirements for goods imported on a letter of credit basis were increased for many "nonessential" goods.

The Bank also extended to goods imported on sight draft basis the requirement that importers deposit 2% of the value of the order with the Bank when the import order is registered. This deposit is held by the Bank until goods are cleared from customs. The requirement previously was applied only to letter of credit transactions.

The best opportunities for U.S. sales are presented by Iran's requirements for development plan projects. Road building equipment, irrigation equipment, agricultural machinery and implements, electric power generating and transmission equipment, and oil field equipment should continue to sell well in 1966. There is also an expanding market for various types of machinery and equipment for specific new industrial projects.

Local manufacturing needs

Despite good harvests during 1965, Iran will need to import wheat, sugar, and vegetable oil in 1966.

The trend toward local manufacturing is likely to affect the import market for some products. Negotiations are underway for the assembly and manufacture of automobiles, trucks, and pumping equipment. An increase in local packaging and mixing of pharmaceuticals is expected.

A U.S. Industrial and Agricultural Development Mission is scheduled to go to Iran from April 2 to 23. Business and investment proposals are being solicited until February 15.

An important economic development in 1965 was a pact with the USSR to construct a 500,000 to 600,000 ton integrated steel mill and a machine tool plant in the Isfahan area.

In another significant agreement, Allied Chemical Corporation and the Iranian Government-owned National Petrochemical Company agreed to a $100 million project to produce ammonia, urea, mixed fertilizers, and sulfur. Construction is scheduled for mid-1966 in the Bandar Shahpur-Bandar Mashur area.

Israel

Expanding trade with U.S. matches continuing strong economic growth

By HOWARD M. ZIMMERMAN
Near East-South Asia Division, BIC

Israel's Imports, Jan.-Aug. 1965

Total imports	$560 million
From U.S.	$144 million
U.S. share	26%

Israel's Exports, Jan.-Aug. 1965

Total exports	$301 million
To U.S.	$ 39 million
U.S. share	13%

Israel's chief imports from U.S.:
Industrial and agricultural machinery, oil seeds, grains, meat products, chemicals, motor vehicles and parts.

Chief exports to U.S.:
Diamonds, raincoats, art and giftware, clothing.

As Israel's economy continues its rapid expansion, U.S. exports to Israel are making corresponding gains. Final figures for 1965 are expected to show total U.S. sales approaching the $190 million mark, with 1966 promising to be another good sales year.

While there have been some signs that inflationary pressures are growing, Israel's balance-of-payments position improved during the year and a continued high level of economic expansion maintained the annual increase in gross national product in excess of 10%.

Industrial and agricultural production both registered increases, with industrial production moving upward at an annual rate of 12%.

Per capita consumption, which increased 6% in 1964, continued its upward trend again last year. With per capita income reportedly topping $1,300 in 1965—higher than some West European countries—the current year should be favorable for U.S. suppliers if they face the challenge of this growing but competitive market.

Preliminary Israeli trade statistics for the first eight months of 1965 indicate that the United States is supplying over one-fourth of Israel's total imports.

Food products lead

U.S. trade statistics for the first nine months show that U.S. exports of food products, particularly wheat, rice, corn and cereal grains increased from $28.2 million to $31.9 million; manufactured goods, including paper, textiles, and metal sheets and plates rose from $12.7 million to $13.6 million; and machinery and transport equipment was up from $42.5 million to $45.9 million.

Noteworthy increases occurred in power generating machinery (excluding electrical) which rose from $5.4 million to $7 million, and power machines and switchgear, from $1.5 million to $3.8 million. Sales of telecommunications equipment also increased from $1.7 million to $2.9 million.

The Department of Commerce has announced that the United States will participate officially in the Tel Aviv International Fair next June. The fair, which accommodated over 1,100 exhibitors from 40 countries during its 1964 run, is an effective meeting place for producers and buyers from many nations, including the emerging countries of Africa. United States participation in the 1964 fair generated sales of over $1 million.

At the upcoming fair, U.S. suppliers will be showing their wares in two exhibit categories: hotel and restaurant catering equipment, and automotive maintenance equipment.

The establishment of a new Ministry of Tourism reflects increased high level emphasis, and large expenditures are anticipated for the development of tourism over the next several years. New hotels, highlighted by the recently opened Tel Aviv Hilton and improved existing facilities, service an increasingly affluent local population as well as growing numbers of foreign visitors attracted by the lure of ancient historical and Biblical sites.

The widespread use of communal dining facilities, such as the Kibbutzim's (collective settlements) also makes Israel an attractive market for food servicing and catering equipment.

An on-the-spot survey has shown that there is also a good market in Israel for all types of automobile, bus and truck repair and maintenance equipment. Due to higher income levels, automobile ownership has increased appreciably since 1961. Total vehicle registration, including cars, trucks, buses, motorcycles and scooters, went up 90% in the past four years.

Total registrations, excluding motorcycles and scooters, are now over 126,000.

In this regard, Israel is seeking an automobile manufacturer to set up a local assembly plant to produce what would probably become the "standard" car of Israel. The present import system, which gives considerable protection to domestic assembly, would be expanded to include any new operations, so the firm which is selected reportedly should have a virtually guaranteed annual market of from 5,000 to 10,000 passenger cars.

However, in the absence of an indication of interest from an American manufacturer, whom the Government of Israel would definitely welcome, the assembly operation and consequently the bulk of the passenger car market in Israel will probably fall to manufacturers in competing countries.

Israeli exports continue to rise, amounting to $244.3 million in the first six months of 1965, compared with $205.1 million for the same period of 1964.

Best customer

The United States was one of the best customers, purchasing $25.8 million and $28.4 million during the respective periods. In value, polished diamonds are by far the largest item purchased by the United States, followed by clothes (mainly raincoats), yarn thread, printed matter, candy, cement, natural abrasives, fresh fruit and veneer plywood.

Israel cautiously continues to expand its import liberalization program, including some metal and chemical products. However, the imposition of higher tariffs, which have customarily accompanied administrative relaxation, considerably reduces the significance of such measures. On the other hand, in a recent departure from this practice, competitive imports of steel sheets were approved without imposing any increases in customs duties.

The September opening of Israel's largest hotel and largest department store reflects Israel's importance as a tourist center and a significant upgrading in merchandising methods.

Lebanon

Imports of consumer goods reflect continuing prosperity, varied tastes

By HOWARD M. ZIMMERMAN
Near East-South Asia Division, BIC

U.S. exports to Lebanon

January-October 1965 $54 million

U.S. imports from Lebanon

January-October 1965 $ 5 million

Chief U.S. exports:

Motor vehicles, industrial machinery, household appliances, wheat, tobacco products, medical and pharmaceutical products.

Chief U.S. imports:

Carpet wool, tobacco.

Source: U.S. Bureau of the Census.

With a continued steady, if somewhat slow growth in the Lebanese economy, U.S. sales to Lebanon reached about $60 million in 1965, 5% higher than the 1964 total.

However, United States exports to Lebanon during the first nine months of 1965 showed an even stronger increase of about 14% over the same period to $47.5 million. This upward trend is expected to continue into 1966.

Rising customs receipts, increased port loadings and unloadings, together with higher vehicle registrations, new incorporations and building permits indicate that Lebanon's economic health remains stable.

An overproduction of apples, especially those of unexportable quality, created a political problem in the agricultural sector, which the Government found difficult to handle.

Otherwise, Lebanon's industry continues to grow.

The Industry Department of the Ministry of National Economy has published statistics on Lebanese industry during the last seven years, which indicate growth in many directions. Between 1958 and 1964, the number of factories increased from 3,200 to 6,854 and the number of workmen from 21,814 to 61,716; while capital investment increased from $71 million to $276 million.

Looking toward expansion

In addition, Lebanon's industry is beginning to look for expanded overseas markets for major export items such as chemicals, plywood, and metallic products.

However, despite the moderate industrial growth trend and Lebanon's position as the financial center of the Near East with large amounts of available capital, there has been a relative shortage of investment capital for private industrial development projects.

The Lebanese investor tends to prefer a quick turnover with short-term gains or is apt to invest in the safety of land, apartment buildings, or a major equity in an already-established business, rather than in development projects which require the subordination of short term to long term gains.

In this regard, one difficulty appears to lie in the composition of the business community—where requests for higher protective tariffs by industrialists have traditionally met with strong opposition by influential merchants and importers.

While shortages of public funds have caused the postponement of any new public development projects, those already in progress are being continued, including the Tripoli International Fair, the third basin of the Port of Beirut, extension of water and power supply systems, and construction of rural roads.

Perhaps Lebanon's biggest asset is its attractiveness as a tourist haven. The tourist industry in Lebanon has grown considerably in the last 15 years—from about 51,000 in 1951, the number of visitors had grown to 472,000 by 1964 with estimates for 1965 approaching 600,000. Present goals are to receive more visitors than there are Lebanese by 1980—(present population about 2 million).

As a result of its growing attraction to tourists, two American hotel chains are considering Lebanon as a site for new ventures. Hilton Hotel Corporation has been looking at a seaside location as a possible site for its proposed hotel. Possibly opening in 1968 at a reported cost of $10 million, the hotel will have 500 rooms. The Sheraton chain is considering a partly-finished building owned by Saudi Arabian financiers, which could be converted by late 1966 into a 450-room Beirut Sheraton.

Lebanon presents a market for a wide range of goods even though per capita income is only about $400 per year. Most Lebanese, regardless of their income bracket, include some imported items in their market basket.

United States trade statistics show total American exports to Lebanon for the first nine months of 1965 were valued at $47.5 million, up from the $42 million figure for the comparable period of 1964. Although no U.S. exports of wheat went to Lebanon in 1964, free market sales of wheat during the first nine months of 1965 were valued at about $4.3 million.

While slight gains were made in some categories of industrial and capital goods equipment, more substantial increases were recorded in consumer product categories, reflecting Lebanon's attractiveness as a market for all types of U.S. products.

For example, sales of domestic electric equipment rose from $3.2 million to $3.7 million and consumer-type manufactured articles, including clothing, increased from $3.3 million to over $4 million.

Sample displays

At the beginning of 1965, the Department of Commerce established a Sample Display Center in Beirut which is designed, through exhibits of U.S. products and a distributor-finding service, to help new exporters into an expanding overseas market.

The scorecard at the end of the year indicates that about one out of three U.S. suppliers exhibiting their products at the Center succeeded in finding an agent for his products in Lebanon and, because of its entrepot position in other areas of the Near East as well.

Lebanon's significance as a focal point for area trade and commerce has been highlighted recently by considerable discussion concerning the establishment of free industrial zones in Lebanon. Both private and public interests have suggested the establishment of such zones in addition to the free trade zone which already exists in Beirut. Suggested possible locations range from expanding the Beirut zone, to establishing free industrial zones in all of Lebanon's coastal cities, including Tripoli in the north, Beirut in the center, and Sidon in the south.

Firms setting up manufacturing or assembly operations in such zones would probably benefit from exemptions or reductions in income taxes and customs duties, as well as from Lebanon's entrepot position in the Near East area.

Pakistan

Recent fighting slashed U.S. sales, made prospective investors wary

By LARRY A. NIKSCH
Near East-South Asia Division, BIC

U.S. exports to Pakistan during the next few months are expected to show a marked decline from past levels, due to the continuing effects of the recent hostilities between Pakistan and India.

Until September, when the fighting intensified, sales had been running slightly ahead of the 1964 level. In that month, however, they tumbled to only $14 million, according to U.S. data, compared to $31 million for the previous month and $32 million in September 1964.

The disruptive effects on trade continued through the end of 1965, and total U.S. exports for 1965 will fall significantly short of the 1964 figure of $376 million.

Pakistan's Imports, Jan.-Aug. 1965

Total imports	$759 million
From U.S.	$262 million
U.S. share	35%

Pakistan's Exports, Jan.-Aug. 1965

Total exports	$332 million
To U.S.	$ 29 million
U.S. share	9%

Pakistan's chief imports from U.S.:
Grain, iron and steel manufactures, machinery, transport equipment, vegetable oils and fats, chemicals.

Chief exports to U.S.:
Jute manufactures, raw jute, raw wool, cotton textiles, wool manufactures.

A return to the trade levels that existed prior to the fighting depends largely upon the status of the U.S. foreign assistance program to Pakistan. For the past six months, the United States has postponed new economic assistance commitments to Pakistan, although PL-480 food shipments continue. The importance of this factor can be seen from the fact that in past years U.S. aid financed approximately 85 to 90% of American exports to Pakistan, including large amounts of iron and steel, machinery, transport equipment, and various other products.

Pakistan completed its Second Five Year Plan in June 1965, on a note of economic accomplishment, attaining a 5.7% increase in annual gross national product and making significant strides in industrial and agricultural production.

GNP for the fiscal year ending in June 1965 was $9.45 billion, which represented a 29% increase over GNP for fiscal year 1960 and exceeded the target of 24%.

Damaging business confidence

Just as the country began an ambitious Third Five Year Plan, the conflict with India erupted. While Pakistan's economy received little physical damage, business confidence was severely shaken.

In the private sector—the main vehicle of economic growth—there was a marked decline in the initiation of new investment. Pakistani official sources now expect that private investment in fiscal 1966 will be some 20-25% less than originally projected, but even this implies a vigorous resumption of investment during the second half of the fiscal year.

The Government has taken some steps to restore business confidence and stimulate private investment, but it is apparent that the key to success lies in a reduction of tensions in the area.

Over the past two years, an increasing percentage of Pakistan's imports have been financed by that country's free foreign exchange, not tied to procurement from any source.

Pakistan may be expected to draw increasingly on its free foreign exchange for essential imports if new foreign aid commitments fall short of levels needed under the Third Plan.

U.S. firms will find themselves in growing competition with aggressive and determined West European and Japanese enterprises for a share of the business financed by free exchange. To date, U.S. companies have captured only a small percentage of such sales.

Although price constitutes an important reason for the strong position of European and Japanese firms, their aggressive and imaginative approach is often primarily responsible for their success. European and Japanese businessmen frequently visit Pakistan and have acquired reputable and aggressive Pakistani firms as their agents.

The events of the last few months have prompted the Government to alter its import regulations. Most importantly, it reduced the free list, the heart of Pakistan's import liberalization program, from the original list of 56 items in the July 1965-June 1966 import policy to 31.

The Government also instructed local banks to discontinue opening letters of credit for free list commodities financed by free foreign exchange. Banks may continue to open letters of credit for free list items financed by barter agreements and foreign assistance loans.

The revised list and other modifications are designed to maintain the flow of essential raw materials, components, and spare parts to Pakistan's industries. Fifteen items are exclusively earmarked for industrial consumers, with the balance open to both commercial importers and industrial users.

Raw materials needed

Pakistan's market for industrial raw materials, components, and spares offers good sales opportunities for U.S. exporters in 1966. Demand is greatest for iron and steel products, non-ferrous metals, chemicals, dyeing and tanning substances, coal tar dyes, marine diesel engines, parts, maintenance spares and packing for engines and boilers for all industries (except the jute industry), gas black, carbon black, electric insulating material.

Pakistan's industries will also require large amounts of machinery and equipment during the coming year. The Third Five Year Plan continues emphasis on the sugar, jute, and textile industries; it also projects a significant growth in the production of steel, industrial chemicals, petrochemicals, cement, paper, fertilizers, machine tools, and heavy machinery.

Past practices indicate that a good portion of machinery imports for industry will be financed by foreign exchange loans provided by the Pakistan Industrial Credit and Investment Corporation (PICIC), a privately-owned development bank supported by the government.

Pakistan still considers foreign private investment a major source of needed capital for her industries. The bulk of investment is sought for the production of cotton spinning and weaving machinery, fertilizers, petrochemicals, and jute manufacturing machinery.

Turkey

Economy ready for buoyant year as election dispels business uncertainties of 1965

By DONALD R. TRAFTON
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Turkey's Imports, Jan.-Sept. 1965

Total imports	$430 million
From U.S.	$129 million
U.S. share	30%

Turkey's Exports, Jan.-Sept. 1965

Total exports	$293 million
To U.S.	$ 51 million
U.S. share	17%

Turkey's chief imports from U.S.:
Wheat, vehicle and engine parts, lubrication oils and grease, tinplate, construction and industrial machinery.

Chief exports to U.S.:
Unmanufactured tobacco, edible nuts, skins, chrome ore.

From an economic point of view, 1966 promises to be one of Turkey's brightest years in recent times. Both imports and exports are expected to rise along with remittances from Turkish workers abroad and receipts from tourism.

Turkey's new government appears to be promoting accelerated economic development, especially in the private sector, and business confidence, having already risen cautiously during the summer months, increased substantially following last October's election.

The most significant event of the past year was the national election for a new lower chamber of parliament. Contrary to most forecasts, a single party received sufficient support to form a non-coalition government. The Justice Party victory generally was hailed by Turkish businessmen, who feel that the new government will liberalize restrictions hampering private enterprise and that it will improve overall economic conditions.

Plans for expansion in the private sector were being held in abeyance pending the outcome of the election. These plans are now being dusted off and moved into the implementation stage.

Investment plans

Plans for public sector investments, deferred from last year for various reasons, are also expected to get the green light in 1966. If these plans are put into effect this year, imports of machinery and related equipment should show a significant rise over 1965 levels.

Early estimates place 1965 Gross National Product (GNP) growth at a little over 5%. Although apparently falling short of the target of 7%, last year's economy did better than 1964, when GNP recorded only a 4.3% increase. Further improvement will probably be recorded this year. Lags in implementing the planned growth in various state economic enterprises were largely responsible for the shortfall in the 1965 GNP increase.

For the first 9 months of 1965, both imports and exports registered increases over the comparable period of 1964. At the end of September, total Turkish imports amounted to $430 million, an increase of $17 million or 4% over the same period for the previous year. This import performance, however, was still considerably shy of the 1963 highwater mark, when $487 million worth of imports had been recorded by the end of September.

Major changes in the commodity composition of imports were a $20 million rise in cereals and a large decrease in fats and oils (due to changes in imports under the U.S. PL-480 program), sharp increases in fertilizers and metals, and decreases in machinery and petroleum products.

Turkish exports continued to show sizable increases, as total 1965 exports through September rose to $293 million, a 28% increase over the comparable 1964 period. With cotton, tobacco, hazelnuts leading, 10 items accounted for 74% of total exports between January and September.

The United States retained its position as Turkey's foremost trading partner, as it accounted for 30% ($129 million) of Turkey's import market and purchased about 17% of that country's exports during the first 9 months of 1965. Major U.S. exports to Turkey during this period were wheat, motor vehicle parts, petroleum products, power generating machinery, iron and steel mill products, chemicals, textile yarns, and all types of machinery. Except for iron and steel mill products, these same items are likely to be the "best sellers" again this year.

For the first eight months of 1965, Turkey's imports from the Soviet Bloc increased, while imports from the EEC and EFTA areas declined.

Quantity and composition of Turkey's imports for this year will be determined by the Sixteenth Import Program, scheduled to be issued this month. Fairly significant trade liberalizations are expected for the first time in about four years, possibly including lower import deposits, transfer of some items from the quota to the liberalized lists, the exemption of small orders from import controls, and extension of the import program from a six-month to an annual program.

Exchange reserves up

Although still very low, Turkey's net foreign exchange reserves reached $52.9 million on October 30, showing a 41% increase over a year earlier. They were also slightly higher than 1964's year-end figure of $50.4 million, and were expected to show further improvement by the end of 1965.

A new and growing source of foreign exchange is savings of Turkish workers abroad. Such remittances jumped from $9 million in 1964 to about $60 million last year, as more Turkish workers took advantage of the remittance-savings plan. With additional workers leaving daily, this source could provide Turkey with up to $100 million in foreign exchange earnings this year.

With AID assistance, the government will develop hotels, resort areas, and access roads to accommodate even greater numbers of tourists this year than in 1965, a record year for tourism.

Although industrial expansion was curtailed by political uncertainties, 1965 industrial output continued to show gains over the previous year. In the mining field, strong foreign demand for copper and boron mineral ores pushed Turkish production of these products to new record highs. Crude petroleum production continued to expand rapidly as 1.1 million metric tons were produced during the first three quarters of last year, a 74% increase over the comparable period of 1964.

UAR (Egypt)

New Government attacks problems briskly, but short-term trade outlook stays bleak

By FRANCIS M. KINNELLY
Near East-South Asia Division, BIC

UAR Imports, Jan.-Mar. 1965

Total imports	$198 million
From U.S.	$ 38 million
U.S. share	19%

UAR Exports, Jan.-Mar. 1965

Total exports	$179 million
To U.S.	$ 8 million
U.S. share	4%

UAR's chief imports from U.S.:
Wheat, wheat flour, chemicals, tobacco, industrial machinery, transportation equipment.

Chief exports to U.S.:
Raw cotton.

While the installation of a reform-minded government gives grounds for an optimistic long-run trade outlook, the large UAR trade deficit and consequent shortage of foreign exchange will continue to limit Egyptian imports during the next six months.

In the short period it has been in office, the new cabinet of Prime Minister Zakaria Mohieddin has demonstrated both its awareness that major changes are necessary to put the economy on a sound basis and its intention to carry out these changes. The reorganization now in progress is designed to make the government more efficient and enable it to cope with the country's serious economic problems.

A great deal of attention is already being devoted to making Egyptian products more competitive internationally, and thus increasing exports to hard currency areas.

The UAR's severe balance-of-payments difficulties cannot be easily solved, however. The new government will have to continue applying foreign exchange controls limiting imports to foodstuffs and those industrial goods deemed essential for economic growth.

Rapid population growth continues to put severe strains on the Egyptian economy. President Nasser announced that the national income has more than doubled since fiscal 1952/1953, reaching $4 billion in fiscal 1964/65. However, in the same 13 years population has increased from 21 million to 29.5 million.

Combating pressures

The new government is combating these increasing demand pressures by enacting measures to hold down consumption and increase savings on the one hand, and to limit population growth on the other.

For the present fiscal year, $2.3 million has been allocated to establish 300 family planning centers in rural areas, while the Ford Foundation has granted $468,000 for a pilot birth control project.

The increased demand for foodstuffs has in large part been met by the PL-480 program. Under the 3-year program which terminated last June, $431 million in food shipments were sent to Egypt. A new agreement of 6 months duration is now being negotiated, which will provide for shipments worth approximately $55 million, part of which will be under the Title IV program payable in dollars.

Already in effect is a Title III program of food assistance through voluntary agencies, which provides for shipments valued at $11.6 million during fiscal 1966.

Recent developments in the petroleum sector are bearing out earlier optimistic forecasts. Pan American Petroleum Company has completed 3 wells in its El Morgan field in the Gulf of Suez, in an effort to determine the field's extent, while both Pan American and Phillips Petroleum Company have stepped up exploration work in the Western Desert. Phillips expects to commence drilling shortly in its concession area south of El Alamein.

As proven petroleum resources continue to increase, the likelihood improves that this industry will grow into an important hard currency earner for the UAR. Increased production based on these new reserves is not expected to have any appreciable effect on foreign trade until 1967. Crude oil remains one of Egypt's chief imports, costing over $70 million in 1964.

Foreign exchange earnings from other sectors of the economy have been showing steady improvement. Suez Canal revenue for the fiscal year ending in June 1965 was approximately $189 million, an increase of 10.7% over the 1964 fiscal year. As the toll rate was increased 1% for all vessels on July 1 for the second year, earnings for the current fiscal year are expected to continue to rise.

Egyptian officials also anticipate a record revenue of $100 million from tourism, based on a projected increase of almost 13% in the number of tourists visiting Egypt. Between January and August, 359,000 tourists visited the UAR, compared with 318,000 during the first 8 months of 1964.

Finally, a good crop year is projected for cotton, Egypt's chief export. This outlook is based on increased acreage, relatively good weather, and apparently successful government measures against insect attacks.

Although the foreign exchange earnings from the Suez Canal and tourism are substantial, they by no means meet the deficit in the UAR's balance of trade, which amounted to $414 million for 1964.

Trade statistics

UAR trade statistics for January-May 1965 show imports remaining at about the same level, and exports increasing almost 16% above the corresponding period of 1964. Imports for the 1965 period totaled $366 million, while exports were valued at $304 million. UAR figures for the first quarter indicate that the U.S. share of imports dropped to 19.1% from 27.7% during the comparable period of 1964.

U.S. trade statistics for January-September 1965 show that U.S. exports have continued to flow at a much reduced rate. For this nine-month period U.S. exports amounted to $133 million, whereas they were $188 million in the same period of 1964.

U.S. exports of the following commodity groups to the UAR increased slightly over the comparable period of 1964: iron and steel mill products, aluminum, chemicals, machinery and transport equipment, and miscellaneous manufactured articles.

Africa: mixed outlook

U.S. exports to Continent probably topped $1 billion for first time in '65

By JOHN HOKANSON
Africa Division, BIC

Incomplete U.S. trade statistics for 1965 indicate that the dollar volume of U.S. exports to Africa reached a new high, and a moderate rise is expected in 1966. The rate of increase however, may run somewhat behind that of recent years.

Overall American imports of African products during the first 10 months of the year were below those of comparable 1964 months. U.S. exports to Africa (excluding the United Arab Republic) amounted to $904 million during this period, according to U.S. Census Bureau statistics. If the trend continued for the remainder of the year, U.S. exports to Africa easily topped $1 billion for the first time in history.

The U.S. made export gains in a number of important African countries. The demand resulting from continued rapid expansion of the South African economy stimulated a flow of exports to that country amounting to $389 million during the January-October period, an increase of about 20% over the corresponding period of 1964. Significant increases were also recorded in exports to Ethiopia, Morocco, Ghana, Liberia, Nigeria, Sierra Leone, Tunisia and East Africa. Exports to Libya, the Congo (Leopoldville) were at about the same level as in the same months of 1964.

American imports from Africa amounted to $689 million significantly below the first 10 months of 1964. Again the largest single factor was trade with South Africa as U.S. imports from that country dropped sharply. Imports from Congo (Leopoldville), East Africa, Zambia, Ghana, Ivory Coast and Liberia were also down.

Reversed 1964 trend

The trade picture for 1965 reversed the 1964 trend, when U.S. exports to Africa expanded some 22% and imports were also up strongly.

The relative importance of trade with Africa as a proportion of total U.S. trade has remained practically static in recent years. Africa has consistently accounted for 4-5% of total U.S. exports and imports.

Although the expansion which has characterized U.S.-African trade for several years seems to be moderating, there are numerous developments which offer continuing trade opportunities.

Rapid development of the petroleum industries in Libya and Nigeria, as well as oil exploration ventures getting under way in Senegal and Cameroon should provide a market for a wide range of related goods.

There is a continuing interest in mining in West Africa. Expansion of existing iron-mining facilities in Liberia, the development of bauxite production in Guinea, and rutile mining in Sierra Leone are examples.

Long term benefits

Construction of an aluminum smelter in Ghana and the possible establishment of a steel industry in West Africa—attention has centered on Nigeria and Liberia—also promise long-term economic benefits along with some immediate trade opportunities.

Roadbuilding, railroad expansion, port improvements in many parts of Africa should significantly improve the economic potentials of the countries involved and will provide sales opportunities for makers of transport equipment. Chances for contracting and engineering firms to sell their services should also result.

Trends to cohesion

Public projects such as schools and hospitals are included in the development plans of most African nations and offer additional opportunities. Trends toward increased politico-economic cohesion in areas like East Africa and North Africa also enhance the overall climate for business.

Finally, continuing American private investment and expenditures under U.S. Agency for International Development

U.S. trade with Africa

(excluding UAR, in millions of U.S. dollars)

Area and Country	Exports [1] 1963	1964	% Incr.	Jan.-Sept. 1965 [1]	Imports 1963	1964	% Incr.	Jan.-Sept. 1965
Africa Total	782	951	+22	810	758	901	+19	602
North Africa [2]	202	212	+5	173	69	101	+46	96
Algeria	45	53	+18	14	1	5	+400	5
Ethiopia	12	13	+8	17	35	53	+51	55
Libya	45	59	+31	47	16	29	+81	22
Morocco	56	37	−34	46	7	6	−14	5
Western and Equatorial Africa [2]	179	221	+23	188	250	344	+38	238
Ghana	21	25	+19	25	51	74	+45	46
Liberia	36	35	−3	29	32	48	+50	32
Ivory Coast	N.A.	19	——	7	N.A.	64	——	32
Nigeria	37	64	+73	53	41	35	−15	44
Central and Southern Africa [2]	402	517	+29	450	439	456	+4	268
Uganda	16	14	+44	15	66	24	+29	11
Kenya		2		2		47		28
Tanzania		7		5		14		9
Congo (Leopoldville)	78	66	−15	46	54	45	−17	25
South Africa	278	393	+41	354	259	250	−3	157

[1] Excluding special category exports. Figures for 1965 are not fully comparable with previous years, due to declassification of certain special category data in 1965. If compared with 1964 data, the 1965 export figures would tend to overstate increases and understate the extent of decreases.
[2] Includes countries not shown separately.

U.S. Private Direct Investment in Africa

(in millions of dollars)

Industry	1960 $	1960 % of total	1962 $	1962 % of total	1963 $	1963 % of total	1964 $	1964 % of total	% overall Growth 1950-64	% Growth 1963-64
Mining Smelting	247	26	307	25	349	25	356	22	+44	+2
Petroleum	407	44	627	50	702	49	830	50	+104	+18
Manufacturing	118	13	141	11	177	12	225	14	+91	+27
Trade	53	6	69	6	81	6	93	6	+75	+15
Other	100	11	102	8	117	8	124	8	+24	+6
Total Africa	925	100	1,246	100	1,426	100	1,629	100	+76	+14
Total U.S. Investment in World	32,778		37,226		40,686		44,343		+35	+9

programs will also provide major opportunities for trade.

Factors which will tend to inhibit trade generally revolve around uncertain prices for tropical products—particularly coffee and cocoa, but to a lesser degree, products such as sisal and natural rubber. Price fluctuations have cut the earning power of a number of African countries. Consequently, foreign exchange reserves are a matter of serious concern in several of the countries.

Reflecting opportunities for investment in Africa, the level of U.S. direct private investment increased by 14% from 1963 to 1964. This is in line with the upward trend of U.S. investment in Africa which has been apparent in the last few years. The value of U.S. investment has grown by more than 75% since 1960, from about $925 million to more than $1.6 billion. While most of this investment has been concentrated in mining and petroleum, significant increases have taken place in other sectors.

Mounting interest

Mounting American interest in African trade and investment—both of private businessmen and the government—is illustrated by the accelerated trade promotion activity taking place.

An industry-organized trade mission of consulting engineers recently completed a tour of both East and West Africa.

A significant number of U.S. exporters have already established representatives or agencies and permanent business relationships in the Congo. U.S. traders can, however, expect increased competition as the Congo's economy improves and the AID program is gradually reduced, but many U.S. products have already found acceptance and have generated a market for sales of a wider range of American goods.

In addition, a Department of Commerce trade mission has just finished a trip to Ethiopia, Sudan and Somalia.

Displays samples

The United States has established a Sample Display Service in Kenya, and commercial exhibits and other trade missions are under consideration for several African countries.

U.S. exporters can utilize the recently established Afro-American Purchasing Center in New York a non-profit organization which will handle purchases for African nations of goods needed for U.S. AID projects. The Center will also train Africans in U.S. purchasing methods. Eventually the center plans to broaden its activities to handle a wider range of purchasing. (See INTERNATIONAL COMMERCE of August 30, 1965 for details.)

U.S. Direct Private Investment in Africa by Principal countries

(in millions of dollars)

Country	1960 $	1960 % of total	1962 $	1962 % of total	1963 $	1963 % of total	1964 $	1964 % of total	Percent Increase 1960-64	Percent Increase 1963-64
Liberia	139	15	184	14	197	14	187	11	+35	−5
Libya	99	11	265	21	304	21	382	23	+286	+26
South Africa	286	31	357	28	411	29	467	29	+63	+14
Other Countries	401	43	465	37	513	36	593	37	+48	+16
% of U.S. Investment in World	3	—	3	—	4	—	4	—	—	—

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Congo

Hopes are high again, barring any further political strife during '66

By ANNE CIPRIANI
Africa Division, BIC

U.S. exports to Congo (Leopoldville)

January-October 1965 $53 million

U.S. imports from Congo (Leopoldville)

January-October 1965 $31 million

Chief U.S. exports:
Cotton fabrics, chemicals, flour, machinery, petroleum products, transportation equipment.

Chief U.S. imports:
Copper, diamonds, coffee, palm products, rubber, timber, tin, zinc.

Source: U.S. Bureau of the Census.

The prospects for U.S. trade and investment in the Republic of the Congo are expected to improve in 1966, as the economy continues to recover from the political disturbances which have troubled the country.

The Congolese economy started out on a rather weak note in 1965, resulting in the trade figures for 1965 being lower than those for 1964. But barring further political instability, the economy is now thought to be on the upswing again, opening up good trade prospects which should prevail through 1966.

Total Congolese imports rose from $208 million in 1963 to $270 million in 1964, but dipped again in 1965 to an estimated total of about $255 million. Exports, which increased to $367 million in 1964 from the previous year's level of $308 million, also fell in 1965 to a total between $320-330 million.

Some mineral exports have fallen off (notably gold and diamonds) but these losses have been largely offset by increased revenues from copper and tin. The decline of agricultural exports is the major reason for the reduction in overall Congolese exports in 1965. Earnings from agricultural exports probably fell to about two-thirds of the 1964 totals.

The expected level of agricultural exports for 1965 is only about 34% of pre-independence figures. This comparison dramatizes the foreign exchange loss resulting from the post-independence troubles. It also points up the exchange earning potential of the agricultural sector once stability is firmly and permanently established.

Restoring output

Plantation holders now are beginning to undertake the major efforts needed to restore production. Together with the reopening of the major transportation arteries, these efforts should have gradual but steady effects. By late 1965 agricultural exports were beginning to pick up briskly as order was restored in the countryside and produce began to flow out to the ports.

If the agricultural situation continues to improve and mineral export earnings increase as expected (due to higher copper prices, resumption of gold production, and perhaps some increases in tin revenues, 1965 exports should be the highest of the entire post-independence period.

The increase in foreign exchange earnings resulting from rising exports should help to alleviate the Congo's tight foreign exchange position. The Congolese Government has undertaken an economic stabilization program including foreign exchange controls and credit restrictions. This has prevented inflation and, if continued, should allow foreign exchange reserves to build up again as exports increase.

AID programs

U.S. sales to the Congo have not suffered much from the scarcity of foreign exchange. This has been due in large measure to the business generated by U.S. AID programs in the Congo.

U.S. exports to the Congo for the period January-October 1965 were $53 million. These consisted mainly of flour and other food products, cotton fabrics, chemicals, machinery, petroleum products, and transportation equipment. The U.S. is expected to maintain its share—nearly 30%—of the Congolese import market through continued operation of U.S. AID programs and through the growth of commercial trade outside AID-financed channels.

Large quantities of agricultural commodities are imported by the Congo under the AID-administered PL-480 program, mostly form surplus U.S. stocks of foodstuffs. These are imported on a commercial basis by Congolese distributors who are allocated dollar exchange by Congo authorities in return for local currency payment. The counterpart funds thus built up for U.S. account at the rate of about $20 million a year are to be used for a coordinated program of economic development, concentrating on improvements in the nation's basic economic facilities.

The other major segment of the AID effort in the Congo is the Support Assistance Program, which provides for the importation of industrial equipment and raw materials, enabling local industry to achieve a high level of output. This program offers many trade opportunities to U.S. exporters, and operates under an open license system which relieves the Congolese consignee of the burdens of import licensing and foreign exchange controls on individual transactions.

For sales outside AID programs, U.S. exporters should be well acquainted with the nature of the Congo's import quota system when attempting to determine which products can best penetrate the Congo market.

The quota system is based on priorities assigned according to the Congo's development needs, with luxury goods generally assigned low priorities and therefore receiving relatively small quotas of foreign exchange. The system is designed to conserve scarce foreign exchange, and is expected to be a feature of the Congo import market for some time to come.

Quotas may be eased

The current tightness of import quotas is a reflection of the decline in the Congo's foreign exchange earnings since independence. If the improvement in export earnings is sustained, import restrictions are likely to be eased gradually to meet the pent-up demands of industries and consumers.

In the long run, the prospects for the growth of the Congo economy are good. The country is extremely rich in mineral resources, supplemented by a variety of agricultural products for export. An extensive water system provides both transportation and hydroelectric power. New plans are under way to improve and extend rail and road transportation facilities and other elements of the infrastructure. American goods are popular and the market for them is growing. Prospects for investment should increase in the future and according to a recent announcement of the Congolese Government, a new investment code offering incentives to potential investors will soon be published.

East Africa

Imports from U.S. jumped 32% in 1965; investment programs boost machinery sales

By ANNE CIPRIANI
Africa Division, BIC

The vigorous expansion of the economies of East Africa (Kenya, Uganda, and Tanzania), combined with continuing dollar surpluses, offers a growing market for U.S. exports to the area. American exporters face strong competition from traditional sources of supply, but the quality of American goods is highly respected and with active trade promotion U.S. firms can acquire a steadily increasing share of the market.

The value of U.S. exports to East Africa for the first nine months of 1965 registered a 32% gain over the like period of 1964, advancing from $14.7 million to $21.5 million. Sales to Kenya, which remains the best East African customer of U.S. exporters, amounted to $15.2 million, while sales to Tanzania and Uganda were $4.7 million and $1.6 million, respectively.

The U.S. share of the East African market has traditionally been small (about 6% or $25 million in 1964). As the figures above indicate, however, American sales in the region are already beginning to rise as market conditions change.

U.S. imports from East Africa for the first nine months of 1965 declined to $46.7 from $64 for the same time in 1964. Most of the decline resulted from the reduced value of purchases of Ugandan coffee.

Trade balance favorable

Although East Africa normally runs a large favorable trade balance with the U.S., figures for the first three quarters of 1965 show around a 25% reduction of this balance in relation to comparable 1964 figures.

The demand for machinery and equipment in East Africa is expected to increase greatly in the next few years as ambitious investment programs get under way in all three countries. The consumer goods market is also growing as per capita incomes rise and more Africans are brought into the monetary economy.

As the development plans of the East African nations gain momentum, the current period is an important stage in the development of U.S.-East African trade relations. American exporters who get in on the ground floor now can expect good results in years to come as brand loyalties for consumer goods and purchasing patterns for capital equipment lines become established.

East African Imports, Jan.-July 1965

Total imports	$282 million
From U.S.	$ 21 million
U.S. share	7%

East African Exports, Jan.-July 1965

Total exports	$292 million
To U.S.	$ 33 million
U.S. share	11%

East Africa's chief imports from the United States:
Machinery and transport equipment, manufactured goods and machinery, fuels and lubricants

Chief exports to the United States:
Coffee, tea, sisal, pyrethrum, metallic ores

Kenya's Ministry of Commerce and Industry is encouraging development of a number of industries for which it believes there are good prospects. These include food processing, agricultural machinery assembly, timber processing, chemicals, plastics, pharmaceutical manufacture, light metals manufacture, and building and construction. Some AID projects which entail commercial procurement are highway improvement, equipment loans for agricultural cooperatives and forestry and soil conservation departments, and construction of livestock facilities.

The Uganda Government will soon publish its second Five Year Plan, for the period 1966-71. Proposed projects of interest to U.S. traders and investors include factories for dehydrated food processing, agricultural chemicals, plastic products, metal containers, razor blades, dry cell batteries, hand tools, agricultural implements, and agricultural machinery assembly.

Many construction projects are planned or under way in Uganda. Some Government tenders are now being submitted to the U.S. Embassy and made available to U.S. business at the same time that they are submitted to authorized procurement agents in London.

AID projects tied to U.S. supplies provide still other opportunities. These projects amounted to $2.6 million in 1964 and increased in value in 1965.

The Tanzania Government is emphasizing the expansion of agricultural products and processing industries for export, and the development of manufacturing industries to supply local consumer needs, which until now have been met in large part through imports.

Investment projects have been proposed for edible oil extraction, cashew nut shelling, textiles, ceramics, and yeast manufacture. U.S. AID programs include school building, agricultural technical assistance, credits for industrial equipment purchases, and public works engineering contracts.

Separate currencies planned

On June 10, 1965 it was announced that the common currency of the three East African countries would cease to exist within a year. Each country will establish its own central bank and issue separate currency by mid-1966. The substantial resources of the East African Currency Board will be divided among the three central banks. The East African shilling continues to circulate in the interim period.

The International Bank for Reconstruction and Development (IBRD has granted the East African Railways and Harbours Authority a $28 million loan to help finance a modernization and expansion program—a three-year (1965-67) $75 million program, including purchase of freight cars, maintenance equipment, road transportation vehicles, lake craft, and cargo handling equipment for ports and harbor craft.

East Africa is a very competitive buyers' market. The principal supplier of the East African market is the United Kingdom, but Japan and the EEC, especially West Germany, are strengthening their positions significantly.

Despite the competitiveness of the market, the potential for expansion is sufficiently great for U.S. sellers willing to make the promotional effort.

Ivory Coast

Tapering-off of economic boom expected to keep U.S. exports at present levels

By WILLIAM M. EISENBERG
Africa Division, BIC

U.S. commercial exports to the Ivory Coast in the near future should maintain present levels. Decreased Ivory Coast dollar earnings from coffee exports and a general tapering-off of the economic boom of recent years can be expected to hold down demand in the coming months.

However, several long-term factors on the brighter side include a continuing growth of national income, but at a reduced rate; continued government expenditures in basic economic projects, and continued growth in the manufacturing sector.

Ivory Coast Imports, Jan.-July 1965

Total imports	$139 million
From U.S.	$ 8 million
U.S. share	6%

Ivory Coast Exports, Jan.-July 1965

Total exports	$176 million
To U.S.	$ 23 million
U.S. share	13%

Ivory Coast's chief imports from U.S.:
Rice, agricultural machinery, oils and fats.

Chief exports to U.S.:
Coffee, cocoa and tuna.

Global imports, based on Ivorian statistics, for the first seven months of 1965 were $139 million, about the same level as the comparable period last year. Imports from the United States during this period were valued at $8.4 million, 6% of total imports, and were down from $15.7 million for the first seven months of 1964. However, if we exclude the early 1964 purchase of a $6.7 million jet aircraft for the multinational airlines, *Air Afrique*, Ivory Coast imports from the United States through July 1964 strictly for its own account were about $9 million. Thus Ivorian purchases from the U.S. were down only $600,000 from the previous year. Purchases of aircraft in 1966 could again bias Ivorian/U.S. trade statistics.

Trade surplus expected

Global exports in the first 7 months were down 6% from the same period last year. Exports to the U.S. were valued at $23 million, or 13% of the total. All indications point to an overall trade surplus again this year, but a smaller one than last year's record. These same statistics also show that France remains the main purchaser of Ivorian goods, taking $68 million worth or 42% of total Ivorian exports.

The best opportunities for U.S. exporters in the Ivory Coast market are for sales of road building and construction machinery, agricultural and forestry equipment, refrigeration and air-conditioning apparatus, trucks, electrical and electronic equipment, chemicals, and insecticides. Hardware, hand tools, and semi-finished plastics are other promising categories.

Additional marketing information is contained in the Department of Commerce's soon-to-be-published market survey on the Ivory Coast. It will be available through the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. and the 42 Department of Commerce Field Offices.

The demand for agricultural machinery and equipment—including land clearing vehicles, processing equipment, and storage facilities—has expanded in response to the massive public investment planned in this sector.

An indication of the scope of this investment is given by the planned increase of 100,000 metric tons per year over the present yearly total of 20,000 tons of palm oil. This expansion will require 79,000 additional acres to be brought under cultivation during the next five years. Present plantings of commercially exploited palm trees are estimated to cover 30,000 acres.

Processing of the crude material will require the construction of seven new refineries and the expansion of existing plants. The total cost of the new refining facilities is expected to be $19 million, of which the Government will provide $8.1 million with most of the remainder supplied by private interests.

Overall financing for the land clearing and cultivation portion of the project will be provided by the EEC with a grant of $32.8 million and a loan of $3.6 million, and the Government of the Ivory Coast with a direct investment of $2.5 million.

Rice production is to be expanded also, by increasing cultivated acreage by 50,000 acres in the next two years. Similar but smaller scale projects are planned for pineapple and cotton. With a view toward significantly increasing rubber production which totaled an estimated 3,000 tons in 1965, the Government is surveying the southwest area of country to find the 87,000 acres required for new plantings.

Other planned public investment in the rural areas is to be spearheaded by a $20 million housing program, an increase in school construction, and a program of farm mechanization to benefit the small farmer.

Growth in the manufacturing sector has been reflected by the recent start of construction on a $3 million jute sack factory and a second $1 million cement plant. The country's first cement plant is under construction, but is expected to be completed and start production soon. Also expected to enter production shortly are a $1 million milk products plant and a $1 million shoe factory.

Market for fuel

An $18 million petroleum refinery, the Ivory Coast's first, went on stream in August. Production is running at one half of the eventual plant capacity of 700,000 tons. In addition to sales in neighboring West African states, it is expected that a significant market for ship bunker fuel will be developed. Sixty percent of the crude input is presently supplied from Algeria and 20% each from Gabon and Nigeria.

Plans for further industrialization include: a fertilizer plant using surplus refinery products, an extension of an existing textile plant, a banana treating and packaging operation, a paper and cardboard factory, an automobile and truck assembly plant, a brick factory, a plywood mill, several latex processing plants, and a fish freezing and canning complex.

Liberia

Investments needed to help sustain economic rally after two-year pause

By THOMAS ROESCH
Africa Division, BIC

U.S. exports to Liberia

January-October 1965 $34 million

U.S. imports from Liberia

January-October 1965 $36 million

Chief U.S. exports:
Rice, tobacco, vehicles, agricultural machinery, rubber products, heavy duty equipment and machinery.

Chief U.S. imports:
Iron ore, crude rubber, coffee

Source: U.S. Bureau of the Census.

Liberia's exports and imports increased in 1965, while the economy as a whole showed signs of recovering momentum after a two-year pause following completion of major construction activity.

The most important recent development has been the rapid expansion of iron ore exports, reflecting the commencement of shipments from the Bong Iron Ore Mine. Not only has this single item reversed the balance of trade but it also figures prominently in a favorable outlook for the general economy and for U.S. export sales in Liberia.

The Government's austerity program restricting public expenditures has tempered the development of the economy somewhat. However, the Government's sound fiscal policy plus the increased earnings from exports have strengthened the confidence of the business community. Although the domestic market remains sluggish and credit is tight, many local businessmen believe that business activity will pick up in 1966.

The expected favorable trade balance in 1965 will be Liberia's second in a row. Liberian exports rose significantly in 1964 while imports were held back by reduced government spending and the completion of several major construction and mining projects. These factors combined to create an impressive trade surplus.

Total exports amounted to a record value of $132 million, showing more than a $50 million increase over the previous year. Imports dropped some $9 million to a total of $111 million.

Foreign trade rise

Indications point to an increase in both exports and imports in 1965. Although latest available Liberian trade statistics place exports during the first quarter at $39 million, a drop of $2 million from 1964, the increasing production and export of iron ore should, nevertheless, push the total figure for the entire year to a new high.

Total imports for the first quarter were $33 million, some $7 million over the 1964 figure for the same period. New construction initiated in 1965 and stronger demand in the local market for imports will probably sustain this generally rising trend in Liberian imports.

U.S. exports to Liberia have continued to rise in 1965. According to latest U.S. statistics, exports to Liberia totaled $34 million for the first ten months of 1965.

American imports from Liberia have declined. U.S. statistics show that imports for the first ten months of 1965 fell to $36 million, from $41 million imported during the same period in 1964. However, most of the loss was concentrated in coffee exports, which alone suffered a drop of more than $5 million.

U.S. still tops

Despite strong competition from Western Europe, particularly West Germany, the United States maintains its traditional position as Liberia's dominant trading partner. In 1964 the United States held 39% of the Liberian import market while Germany accounted for 19%.

Although no significant changes are expected when the 1965 figures become available, American businessmen should be aware of the increasing interest of third countries in the Liberian market. Besides the Germans, British and Japanese traders are also strengthening their positions in Liberia.

However, American exporters still derive a clear advantage from the orientation of the Liberian market toward the United States.

The familiarity of the Liberian consumer with the high quality and standards of U.S. goods have enabled American businessmen to penetrate the Liberian market more readily than many other areas in Africa.

Plenty of chances

Liberia offers a wide range of trade opportunities to American exporters. Many of the items are related to Liberia's increasing efforts to develop its basic economic facilities and boost the production of its exporting industries. Foodstuffs, primarily milled rice, make up an important part of Liberian imports.

Other items in considerable demand are motor vehicles and parts, construction and mining equipment, tractors, and airplane and ship parts. The fastest growing categories are vehicles and heavy duty power equipment.

The effect of the favorable balance of trade on the Liberian economy is, unfortunately, largely nullified by the annual loss of foreign exchange from servicing foreign debts incurred during a prior period of heavy development expenditures. Because the accumulation of domestic capital is seriously restricted, the Liberian Government recognizes that it must attract foreign capital if it is to meet its international obligations and still have economic growth.

Although the American aid program and those of other friendly Western nations are the principal sources of foreign investment, considerable private capital has been attracted by Liberia's "Open Door" policy which provides a warm climate for new investors. A recent development in this field was the use of the Liberian tariff to protect infant domestic industries.

In October legislation was passed which afforded protection to new local plants producing canvas and plastic shoes, nails, and various plastic products.

Investment studies

Also of interest to potential investors are recently prepared studies which are available from the Liberian Development Corporation. Many of the studies concern the processing of agricultural commodities that could be grown domestically, such as palm kernels, sugar cane, and peanuts.

Two major projects, financed by private capital, are in the offing. The U.S. Rubber Company plans to develop extensive rubber plantations which will expand Liberia's already significant production of rubber. Also, the Liberian American Swedish Minerals Company (LAMCO) will enlarge its operation in Liberia by constructing a $50 million iron ore washing and pelletizing plant.

Libya

Free-flowing oil foots bills for ambitious Government economic development plans

By ROGER F. STECHSCHULTE
Africa Division, BIC

Stimulated by increasing oil production, the Libyan economy continues to expand rapidly. The growing oil industry, coupled with the increasing income of the Government and of Libyans in general provides a very favorable outlook for increased U.S. sales. This picture is further brightened by the increasing tempo of the Libyan Government's development plan expenditures.

Total Libyan imports for the first half of 1965 were $144.4 million, down slightly from the similar 1964 period. Imports from the U.S. dropped from $37 million for January-June 1964 to $23.6 million for the like period of 1965.

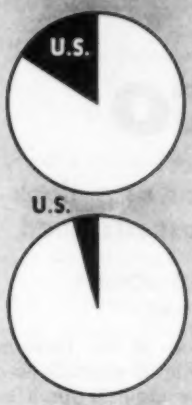
Thus, the U.S. share of the Libyan market declined from 25% in the 1964 period to 16% in 1965. The drop in imports from the U.S. reflected a decline in Libyan machinery imports caused by a general leveling off in oil exploration and drilling activity during this period. Machinery accounts for approximately 50% of Libyan imports from the U.S.

Increased competition from Europe was another factor contributing to the poor showing of U.S. sales to Libya.

Libya's exports jumped from $312 million during the first six months of 1964 to $465.9 million during the comparable period of 1965. Exports to the U.S., made up almost entirely of crude oil, rose from $14 million to $16.7 million during the period, leaving the U.S. share of total Libyan exports at about 4%.

The oil industry remains the backbone of the Libyan economy. The country is currently producing well over a million barrels of oil per day and output is still increasing. Exports of crude petroleum, accounting for nearly all Libyan exports, rose from $309 million for the first half of 1964 to $463.3 million for first half 1965.

The Government recently opened a vast section of Libyan territory to bidding for oil exploration concessions. New concessions are expected to be granted in the near future and will undoubtedly stimulate further expansion of the Libyan economy. Increased oil exploration will also provide the potential for increased equipment imports from the U.S. Whether the potential is fulfilled will depend, in large measure, on the energy with which U.S. firms exploit the Libyan market. Machinery and transport equipment for the oil industry will remain important elements in the Libyan import picture for some time to come.



Libyan Imports, Jan.-June 1965

Total imports	$144 million
From U.S.	$ 24 million
U.S. share	16%

Libyan Exports, Jan.-June 1965

Total exports	$470 million
To U.S.	$ 17 million
U.S. share	4%

Libya's chief imports from U.S.:
Construction and mining machinery, pumps, electrical machinery, road motor vehicles.

Chief exports to U.S.:
Crude petroleum.

The Government is one of the largest purchasers of goods and services in Libya. Through its 1963-68 Development Plan the Government is promoting the development of the country's basic economic facilities and is encouraging increased agricultural and industrial activity. Most of the planned $700 million public sector expenditure during the five-year period of the Plan will be devoted to basic public works such as development of urban water supplies, rural land reclamation, and construction of highways, ports, airfields, terminal facilities, power stations and hospitals.

Outside the petroleum sector, Libyan industry is devoted almost entirely to processing local agricultural products for the Libyan market itself, and to providing services such as construction. Thus, Libya will have to import most of the equipment needed for the projects outlined in the development plan. It is likely that the Government will be in the market for construction equipment and building materials; agricultural machinery; supplies and equipment for offices, schools, and hospitals; communications equipment and machinery for food processing industries.

Need technical skills

The scarcity of technical skills will force the Government to rely on the services of consulting engineers to draw up plans and specifications for all kinds of development projects. A few U.S. firms of consulting engineers are already operating in the Libyan market. Whiting Associates International, Inc., was recently awarded a contract to draw up a master plan for the city of Benghazi and another U.S. firm is preparing plans for the reconstruction of Barce.

A rough idea of the magnitude of the opportunities in this area is given by the fact that members of the British Association of Consulting Engineers designed Libyan Government projects costing over $89 million in 1964.

As the effects of the oil boom reach ever larger numbers of the Libyan population, increased demand for consumer goods will develop. Product lines that should do well in the Libyan market include domestic electrical appliances, household products, canned foods, and ready-made clothing, footwear, and textiles.

Liberal trade policy

Its strong foreign exchange position has enabled Libya to adopt a very liberal trade policy. The Government drastically reduced tariffs on a wide range of products in January 1965. There are no controls affecting imports from the United States or any tariff discrimination against U.S. goods.

However, U.S. products entering Libya will experience a good deal of competition from European products. Italy and the United Kingdom are traditionally the primary suppliers and are in a position to offer very competitive freight rates, deliveries, and service and maintenance on equipment.

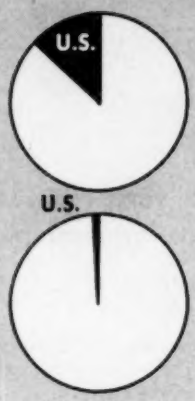
The Libyan public is still very price conscious, tending to buy the least expensive product, regardless of quality.

Firms desiring to introduce their products to the Libyan market will find the annual Tripoli International Trade Fair a convenient vehicle. The fair, held every year during the latter part of February and the first part of March, is the country's most important commercial event.

Morocco

Morocco lifts import bans as outlook brightens; U.S. sales prospects good

By ROGER F. STECHSCHULTE
Africa Division, BIC



Moroccan Imports, Jan.-Aug. 1965

Total imports	$279 million
From U.S.	$ 36 million
U.S. share	13%

Moroccan Exports, Jan.-Aug. 1965

Total exports	$291 million
To U.S.	$ 3 million
U.S. share	1%

Morocco's chief imports from U.S.:
Wheat and wheat flour, vegetable oils, machinery, cigarettes, raw cotton.

Chief exports to U.S.:
Manganese, zinc, spices, crude fertilizers.

The improved financial position of the Government of Morocco and the subsequent lifting of restrictions on many previously prohibited imports give grounds for a cautiously optimistic outlook for increased U.S. exports to Morocco.

Import restrictions and other austerity measures were imposed in October 1964 because of severe balance-of-payments problems and internal inflationary pressures. The measures proved effective, so in October the Government announced that restrictions would be eased on about 95% of items traditionally imported. An indication of the effectiveness of the 1964 measures was the balance-of-payments surplus of $41 million for the first eight months of 1965, compared to a deficit of $38 million in the same period of 1964.

Agricultural, mineral and electrical energy production were on the upswing, and the cost-of-living index dropped from 130.2 in January, 1965 to 126.3 in September. The Government's demonstrated determination to correct Morocco's economic problems and the emergence of favorable indicators boosted business confidence during the latter part of 1965.

Along with the easing of import restrictions, the Government also began a selected revision of the customs tariff in November. While details of the liberalization measures have not yet been issued, the tariff changes have been published. Most duties have been raised, especially for luxury consumer goods.

However, duties on semi-finished products or those products destined for use by local industry have been maintained at the old rates or raised only slightly.

Total Moroccan imports dropped from $231 million for the first half of 1964 to $210.2 million for the same period of 1965. Bucking the trend, imports from the U.S. climbed from $25.1 million to $28.5 million for the same periods. These figures, however, need some qualification: the 1964 figures contain $12.9 million in PL-480 shipments, while the 1965 figures include about $19.3 million worth.

Exports slipped

Thus, commercial exports to Morocco slipped from $12.2 million for the first half of 1964 to $9.2 million for the similar 1965 period, the decline being caused largely by the import restrictions.

Morocco's exports for the first half of 1965 were $236.6 million compared to $230.1 million for the like period of 1964. Exports to the U.S. for these periods rose from $2.5 million in 1964 to $2.8 million in 1965. The leading increases were in exports of minerals, primarily phosphates, zinc and manganese.

The continued availability of assistance funds provided through the U.S.-aid program as well as U.S.-owned Moroccan currency which can be used for development loans to the Moroccan government brighten the outlook for U.S. sales.

Foreign assistance, coupled with increased Government tax and tariff receipts, should provide much of the financial backing to implement the 1965-67 development plan.

Planned projects

Projects provide for improvement and expansion of electric power facilities, stimulation of mining, increased industrial and crafts production, and improvement in the living conditions of Moroccans through the construction of houses, hospitals, and schools.

While there are many causes for optimism, it does not follow that the Moroccan market will be easy to penetrate. Morocco is oriented by tradition, proximity, and trade preferences to France and Europe generally.

Although the October 1964 import restrictions originally applied to all countries, at the first signs of improvement in Morocco's financial situation France requested and obtained preferential treatment for her exports to Morocco. Morocco agreed to lift the import license requirement on certain French imports not otherwise prohibited or subject to quotas, which constitute about one-third of France's normal exports to Morocco.

In return Moroccan exports of fruit and vegetables continue to enter France at a preferential tariff rate and, once inside France, may be shipped to other Common Market countries as though they were French products.

Talks with EEC

Morocco has begun negotiations with the EEC for some form of association with the Community. The talks have been stymied by Italian reservations concerning any EEC-Moroccan agreement until the Common Market arrives at a common agricultural policy which, in turn, is being held up by the French boycott of the EEC. Once the Six have resolved their internal problems there is a possibility that some form of association will be negotiated with Morocco.

Products offering attractive prospects for sales in Morocco include:

- Insecticides, fungicides, and disinfectants—imports of these items have increased significantly during the past several years and this market will almost certainly continue to expand.
- Packaging, filling, cleaning, materials handling, and conveying equipment.
- Mining equipment—the Government's push for increased mining production should generate a demand for all types of mining equipment, in particular equipment for the mining of phosphates. Increased emphasis on the production of phosphate fertilizers is expected to result in increases of from 9.4 million tons in 1963 to an annual rate of 13.2 million tons in 1966.

The Moroccan Three-Year Plan should provide industry with numerous opportunities for investment. Tourism, food processing, chemicals, and metallurgy are only a few of the most promising areas.

Nigeria

Robust petroleum industry helps offset effects of sluggish cocoa market

By WILLIAM M. EISENBERG
Africa Division, BIC

U.S. exports to Nigeria

January-October 1965 $61 million

U.S. imports from Nigeria

January-October 1965 $50 million

Chief U.S. exports:
Oilfield machinery, ships and boats, steel pipes, wheat, textile waste, unmanufactured tobacco.

Chief U.S. imports:
Cocoa, rubber, tin, skins, and columbite.

Source: U.S. Bureau of the Census.

Rapid developments in the petroleum sector should provide a sufficient offset to sluggishness in the cocoa market to support Nigeria's economic expansion during the next few months. Various new projects under the country's development plan should also help to stimulate economic activity.

Consequently, trade between the United States and Nigeria will probably continue near the high levels set in the last two years. However, optimism should be tempered by continuing concern over foreign exchange reserves, which have been under pressure from sizeable trade imbalances in recent years and from the large foreign exchange component needed for industrialization projects.

Nigerian foreign trade continued at high levels in 1965. Through May, imports amounted to $322 million, compared to $284 million for the same period in 1964. Exports rose from $270 million for the first half of 1964 to $295 million for the same period in 1965.

U.S. trade statistics reveal that the persistently favorable balance of trade with Nigeria was significantly reduced in 1965. Figures for the first ten months of 1965 show that U.S. exports to Nigeria were $61 million, while imports were $50 million.

A drop in the export growth rate was accounted for mostly in manufactured goods destined for the petroleum industry, which in 1965 reached a consolidation stage in its development, resulting in decreased demand for capital goods. This stage will probably be only temporary, because new oil explorations initiated during 1965 should create greater eventual needs for all kinds of materials.

A substantial increase in U.S. imports from Nigeria in 1965 consisted primarily of cocoa and crude oil.

U.S. holds own

During the past year the United States maintained its usual 10% share of the Nigerian import market. The United Kingdom's share on the other hand declined slightly, while the European Economic Community (EEC) made small increases in sales to the Nigerian market.

The major concern of the Nigerian Government in 1965 was the level of its foreign exchange reserves. Although a large flow of foreign investment and loans offset a portion of the persisting unfavorable balance of trade, the problem reached such proportions as to force the Government to take corrective measures.

To restrict the growing demand for imports, a general increase of the tariff on a number of items was announced in August. This increase covered certain types of rubber goods, leather goods, textiles and fabrics, automobiles, camera parts, petroleum products, and shoes.

The Government also imposed a temporary ban on all imports from Japan and Hong Kong except textiles because of large deficits in Nigeria's trade with those two countries. The embargo will be removed when a new quota system is formulated for the regulation of Japanese and Hong Kong products.

To improve its trade position, the Nigerian Government has also been negotiating for associate membership in the EEC. The major reason for this action is to help preserve the continental European market that has grown increasingly important to Nigerian exporters in the past few years.

Could reduce access

Nigerian association with the EEC, as presently visualized, could to a minor extent reduce the access of the United States and other trading countries to the Nigerian market because of limited tariff preferences Nigeria would give EEC exporters under the terms of association. Although Nigeria's application for EEC association has made significant progress, final arrangements have been stymied by a suspension of various internal EEC decisions.

The new thrust of Nigeria's economy is shown by the fact that oil has become the main foreign exchange earner. With some eight companies now making explorations and daily oil production having increased from 200,000 barrels to over 400,000 barrels during the year, the overall outlook is bright.

In June the Gulf Oil Company made the first shipment of Nigerian crude oil worth over $1 million, to the United States. At year's end Nigeria's first oil refinery came on stream, easing Nigeria's demand for most foreign-refined petroleum products and conserving foreign exchange.

Natural gas

Already in the advanced planning stage is a $50 million natural gas liquefaction plant which will permit Nigeria's abundant reserves of natural gas to be transported in liquid form to markets in the United Kingdom and elsewhere in Europe.

In sharp contrast to conditions in the oil industry is the state of the cocoa industry. Nigeria is the world's second largest producer of cocoa. Despite a growing world demand for cocoa, an even faster growth in the rate of production has caused a fall in prices.

To obtain a firsthand appraisal of the cocoa market in the consuming countries, two Nigerian Government teams toured several countries, including the United States, during the latter part of 1965.

Although the U.S. has appreciably increased its imports of Nigerian cocoa, the long range solution to the cocoa problem is not yet in sight. However, international conferences and working groups continue to seek remedies.

Major meeting

A major cocoa meeting is scheduled for early 1966, at which the ground work for a meaningful stabilization agreement may be laid.

Strong interest in Nigeria on the part of the American business community was reflected in the recent Nigerian-American Chamber of Commerce's conference on "How to do Business in Nigeria," held in New York City. Attended by about 80 businessmen, this event enabled experienced "Nigerian hands" to exchange information, and persons newly interested in the country to learn a great deal from those with field experience.

South Africa

Declining reserves and inflationary trends may limit the growth of imports in 1966

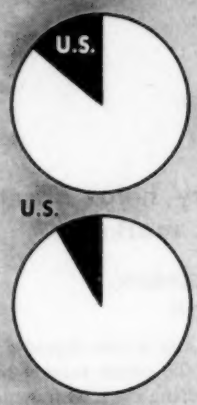
By VICTOR FINGERHUT
Africa Division, BIC

The value of U.S. exports to South Africa should maintain their 1965 levels in 1966, reflecting a continuation of current high levels of economic activity in that country.

Barring unforeseen political developments, demand for U.S. exports should be boosted by South Africa's continued requirements for capital goods, advanced levels of industrial output and construction, increasing consumer income, and gold production capable of underwriting a large part of the country's sizable foreign trade deficit.

However, South Africa has been experiencing a gradual but relatively steady decline in its gold and foreign exchange reserves, as well as inflationary tendencies in certain sectors of the economy. The Government has sought to contain these two trends by tightening import controls, imposing some restrictions on credit expansion, and pushing back the completion date of certain long-term development projects.

The net result of these movements is that, while the total level of U.S. sales should remain high during the coming year, the rate of growth for U.S. exports to South Africa characteristic of recent years, should slacken.



South Africa's Imports, Jan.-Mar. 1965

Total imports	$628 million
From U.S.	$ 89 million
U.S. share	14%

South Africa's Exports, Jan.-Mar. 1965

Total exports	$355 million
To U.S.	$ 29 million
U.S. share	8%

South Africa's chief imports from U.S.:
Machinery and related equipment, transport equipment, chemicals, textile fibers, yarns and finished products.

Chief exports to U.S.:
Uranium, food and live animals (including fish and fish products and sugar), diamonds, both gem and industrial.

Industrial expansion

South Africa's gross national product (GNP) for the fiscal year ending June 30 was estimated at $10.3 billion, an increase of about 5% in real terms over the previous year. This figure somewhat understates the industrial expansion which took place during the year, because a prolonged drought in Southern Africa led to a sharp drop in the agricultural component of the GNP.

Local businessmen have mixed attitudes on prospects for the coming year, reflecting many of the crosscurrents present in the economy as a whole. The prevalent outlook, however, is for a continued high level of economic activity, but an absence of the very rapid expansion of recent years.

Thus far, political factors caused by the implementation of apartheid against the non-white majority of South Africans have had no appreciable effect on the current economic expansion. Of possible relevance, to the long-term trade outlook are the growing external pressures against apartheid, the uncertain impact on external relations of a mandatory judgment expected in 1966 by the International Court of Justice concerning South African administration of South West Africa, and possibly unfavorable developments flowing from the present situation in Southern Rhodesia.

Global imports into South Africa reached $1.9 billion during the first three quarters of 1965, an increase of 21% over the corresponding period in 1964.

Benefiting from the overall demand increase, U.S. exports to South Africa for the first ten months of 1965 reached $389 million, a gain of almost one-fourth over the same period in 1964. This sharp rise enabled the U.S. to maintain its 19% share of the South African market.

U.S. imports from South Africa during the first ten months of 1965 amounted to $173 million, a $24 million decrease from the same period a year earlier.

The gradual tightening of import quotas which South Africa has utilized to counter its decline in foreign exchange reserves has been applied in a relatively balanced, across-the-board manner to several broad product categories, affecting industrial raw materials, capital plant and equipment and consumer goods.

The recent import control measures aim at more selectivity in non-essential imports and limitations on the development of new industries which rely heavily on imported components and raw materials rather than a sharp decline in South Africa's foreign purchases. The Government acknowledges that any precipitous decline in imports would only add to inflationary pressures for goods already in short supply.

Recent developments have not, however, significantly altered the basic character of the South African market. Capital goods remain the most promising product area for U.S. exports as major expansions of productive facilities in both mining and manufacturing fields continue.

These developments are expected to keep demand for U.S. construction, roadbuilding, and excavating machinery high. Favorable market opportunities also exist in transportation equipment, electrical machinery and equipment, certain machine tools, food canning, freezing and refrigeration equipment, business and scientific equipment, and some textile machinery.

Depends on policy

The ultimate level of U.S. exports to South Africa in 1966 will depend largely on what "policy mix" the Government employs to deal with the problems of inflation and declining foreign exchange reserves. The Government itself indicates it would prefer internal fiscal and monetary measures. If successful, this approach would also moderate the rapid growth of import demand, and lower the necessity for further import controls.

A final factor influencing South Africa's balance of payments situation is the country's agricultural production, which has been severely cut by drought in several major growing regions. While South Africa's foreign sales of gold in 1965 remained at approximately their 1964 levels, and its exports of manufactured goods increased moderately, the country's total global exports for the first three quarters of 1965 declined slightly because of a sharp drop-off in earnings from the foreign sales of agricultural products.

A broad recovery in the traditionally important agricultural sector could considerably lessen present strains on South Africa's balance-of-payments situation.

U.S. SHARE OF IMPORTS INTO SELECTED COUNTRIES

Country	1964 Imports			1965 Imports January through latest month			
	From world (million	From U.S. dollars)	U.S. share %	Latest month	From world (million	From U.S. dollars)	U.S. share %
Ireland	974	74	7.6	June	539	45	8.3
Portugal	776	81	10.4	Sept.	625	46	7.4
Netherlands Antilles	648	73	11.2	Mar.	160	(1)	(1)
Trinidad and Tobago	423	60	14.1	June	240	45	18.6
Ceylon	415	11	2.7	Aug..	225	9	4.1
Iraq	413	56	13.7	(1)	(1)	(1)	(1)
Rhodesia (Southern)	346	23	6.8	Aug.	255	17	6.8
Ghana	340	30	8.9	July	221	19	8.7
Kuwait [2]	322	58	18.0	(1)	(1)	(1)	(1)
Viet-Nam, Rep.	298	126	42.4	Mar.	74	33	44.0
South Arabia, Fed. of (Aden)	297	5	1.8	Mar.	79	1	0.8
Jamaica	282	87	30.9	July	172	51	29.8
Sudan	274	20	7.2	Apr.	61	3	4.5
Burma	270	26	9.5	Apr.	74	3	4.2
Tunisia	264	27	10.1	July	149	22	14.9
Zambia	247	13	5.1	Aug.	219	13	6.2
Syria	235	15	6.2	June	101	7	6.9
Uruguay	198	31	15.4	June	94	12	12.7
Senegal	171	9	5.2	May	76	1	2.0
Ecuador	169	78	46.4	June	82	(1)	(1)
Angola	164	14	8.7	May	59	5	9.0
Mozambique	156	6	3.7	May	67	2	3.7
Jordan	150	31	20.9	June	73	10	14.4
Malagasy, Rep.	136	6	4.5	July	77	3	3.5
Iceland	131	16	11.9	Sept.	97	12	12.5
Ethiopia	123	11	8.6	June	67	(1)	(1)
Cameroon [3]	116	5	4.2	May	58	4	7.4
Cyprus	105	6	5.9	Sept.	101	3	3.2
Bolivia	103	53	51.4	(1)	(1)	(1)	(1)
Bahamas	101	62	62.0	(1)	(1)	(1)	(1)
Sierra Leone	99	5	4.9	Aug.	70	9	12.9
Malta	97	3	2.8	Mar.	23	(4)	1.6
Reunion	89	1	0.6	Apr.	30	(4)	0.4
British Guiana	87	20	22.5	Feb.	14	2	16.1
Cambodia	82	4	4.9	May	43	1	2.1
Mauritius	80	2	3.1	June	38	(1)	(1)
Guadeloupe	79	5	6.2	Apr.	27	2	6.3
Martinique	79	4	4.5	Apr.	31	2	6.6
Congo, Rep. (Brazzaville)	65	3	5.1	May	26	(1)	(1)
Barbados	64	10	16.2	Mar.	16	2	12.7
Bermuda	59	27	46.1	Aug.	38	18	47.0
Malawi	45	1	2.2	(1)	(1)	(1)	(1)

Note: To present comparable statistics for all countries, import data have been adjusted from f.o.b. to c.i.f. for the following: Ecuador, Netherlands Antilles, Malawi, Rhodesia (Southern), and Zambia.

[1] Not available.

[2] Excludes oil company imports.

[3] Data refer to East Cameroon only.

[4] Less than $500,000.

Sources: Official trade statistics of listed countries.
International Monetary Fund, *International Financial Statistics.*

Dallas Chamber plans fourth trade mission

Group to visit Central American common market area next spring

Dates and destination of a fourth trade mission sponsored by the World Trade Committee of the Dallas Chamber of Commerce have been announced by Gen. Robert J. Smith, committee chairman.

The mission will leave Dallas April 17 for a 14-day swing through the five countries comprising the Central American common market—Costa Rica, Nicaragua, Honduras, El Salvador, and Guatemala.

This marks the second visit to these countries by a Dallas Chamber sponsored trade mission. "Last February, a group of forty Dallasites comprised the first Central America trade mission. More than $400,000 in sales was generated by a number of firms that sent representatives on that mission, Smith pointed out.

Optimal visit

"As an additional option on this mission, the Dallas businessmen will have the opportunity to visit Panama April 13-17, and then join the main body of the mission in San Jose for the visit to the five countries of the Central American common market," he added.

At each stop, the mission will have advance business appointments arranged with the assistance of the U.S. Embassy and local business and trade organizations. Offices will be opened as business headquarters for the mission, and secretarial and translating service will be provided.

"'Last February we took 40 people in our Central American trade mission, but we intend to limit the size of this group to a total of 35," said Smith. "Applications are available from the Dallas Chamber of Commerce, and will be processed on a first-come, first served basis," he added.

Mission Report Coming

The report of the U.S. Trade Mission to Malaysia, Singapore and Hong Kong, originally scheduled for publication in the Dec. 20 issue of INTERNATIONAL COMMERCE, will appear in the Jan. 17 issue.

U.S. industrial outlook for '66 shows uptrends

Expect 16 of 77 industries to grow by more than 10 percent

U.S. industry will operate at record or near record levels this year, according to "U.S. Industrial Outlook for 1966."

In a year-end statement accompanying the outlook, Secretary of Commerce John T. Connor noted the relationship of the domestic economy to the U.S. export expansion drive. He said: "The prospects of increasing the surplus of exports over imports seem promising in the year ahead. But to improve our export markets, price stability at home is a basic requirement."

Prepared by the Commerce Department's Business and Defense Services Administration economists and industry analysts, the new Outlook shows trends in key U.S. industries, production sales, shipments, employment, productivity, imports, exports, new product development, regulations and financial ratios.

Forecasts generally indicate continued gains in industry and attainment of record highs.

Of 77 industries for which projections appear in detailed outlook statements, 16 are expected to grow by more than 10%.

In only one—steel—is a slight decline forecast. Machine tool shipments are expected to increase more than 11% in 1966. This follows steady gains since 1963. The 3-year business upturn in the machine tool industry reflects continued large-scale investment in expansion and modernization of industrial capacity and sizeable foreign demand for U.S.-built machine tools, according to the Outlook.

Exports of computing machines rose 22% in 1964 over the 1963 figure and are expected to rise another 8% in 1965. Materials handling equipment exports are estimated to increase 5% for 1966.

Some other 1966 prospects in summary:

Automobiles—unit output 9.3 million, matching the record high established in 1965 and registering the fifth consecutive year of high-level production.

Electronic equipment and components —total shipments in 1965 approximated $19 billion. Further advances are anticipated in 1966. Consumer products should gain about 21%, to $3 billion. Commercial, industrial and Government electronic equipment output estimated at $7 billion for the largest segment of the total and increase of 5.7%.

Construction—new construction put in

Conversion values of European currencies

By PAUL A. MAYER

Bureau of International Commerce

The accompanying table shows the value of the dollar in terms of principal European currencies and, conversely, the value of these European currencies in terms of dollars as well as in terms of all other European currencies listed.

The table can be used "both ways"—to show not only the amount of foreign currency that can be bought for one dollar, but also the amount of dollars which can be bought for one unit (or multiples of one unit) of a given European currency. For example, line 1 (U.S.A.) shows that $1 buys 7 shillings and 2 pence, and line 7 (Great Britain) that £1 buys $2.80.

Readers interested in transactions between, say, the United States, France and Germany, will find the following pertinent data: 1 U.S. dollar buys 4.90 French Francs or 4 Deutschmark (line 1); 100 French Francs buys $20.41 or 81.63 Deutschmark (line 5); 100 Deutschmark buys $25 or 122.50 French Francs (line 6).

The table is to serve merely as a rough desk tool. For close financial calculation, up-to-the-minute information should be obtained from banks or other financial institutions specializing in foreign exchange.

Country	Currency Units	Value in	$	£	Bfrs	Dkr	Ffrs	DM	£ sh d	Lire	Hfl	Nkr	Esc	Pts	Skr	Sfrs
U.S.A.	Dollars	$.....1	Read	25.32	50.00	6.89	4.90	4.00	–. 7.2	625	3.60	7.14	28.50	60	5.17	4.32
Austria	Schillings	$.....100	3.95	letter-	197.50	27.20	19.35	15.80	1. 8.2	2,469	14.22	28.20	112.60	237	20.42	17.06
Belgium	Belgian francs[1]	Bfrs.....100	2.00	51.00	national	13.78	9.80	8.00	–.14.3	1,250	7.20	14.30	57.50	120	10.32	8.65
Denmark	Danish kroner	Dkr.....100	14.52	367.50	725.70	Commerce	71.10	58.00	5. 3.8	9,070	52.25	103.60	413.50	870	75.00	62.70
France	French francs	Ffrs.....100	20.41	516.75	1,020.50	140.60	each	81.63	7. 5.9	12,755	73.47	145.70	581.65	1,225	105.50	88.38
Germany	Deutschmark	DM.....100	25.00	633.00	1,250.00	172.00	122.50	week.	8.18.7	15,625	90.00	178.50	712.50	1,500	129.25	108.00
Great Britain	Pounds[2]	£.....1.–.–	2.80	70.90	140.00	19.30	13.72	11.20	It	1,750	10.10	20.00	80.00	168	14.45	12.10
Italy	Lire	Lire.....1,000	1.60	40.50	80.00	11.00	7.85	6.40	–.11.5	helps	5.75	11.45	45.60	96	8.27	6.90
Netherlands	Holl. florins	Hfl.....100	27.76	703.30	1,389.00	191.00	136.00	111.00	9.18.–	17,360	you	198.30	792.00	1,665	143.60	120.00
Norway	Norw. kroner	Nkr.....100	14.01	354.60	700.00	96.50	68.60	56.00	5. .–	8,750	50.40	sell	399.00	840	72.40	60.50
Portugal	Escudos	Esc.....100	3.50	88.80	175.00	24.20	17.20	14.00	1. 5.–	2,200	12.64	25.00	your	210	18.15	15.16
Spain	Pesetas	Pts.....100	1.68	42.54	84.00	11.60	8.25	6.72	–.12.–	1,050	6.05	12.00	48.00	product	8.70	7.25
Sweden	Swedish kronor	Skr.....100	19.35	490.00	967.50	133.33	94.80	77.00	6.18.3	12,100	70.00	138.15	551.00	1,160	world-	83.60
Switzerland	Swiss francs[3]	Sfrs.....100	23.17	586.50	1,158.25	159.60	113.50	92.40	8. 5.6	14,475	83.40	165.40	660.00	1,390	119.75	wide.

[1] Used also in Luxembourg. [2] Used also in Ireland. [3] Used also in Liechtenstein.

place will near $73 billion, up 6% from 1965. Private construction will account for more than two-thirds of the total outlays, exceeding $50 billion for the first time.

Aircraft, spacecraft and missiles—up 9.2% to $11.7 billion.

Chemicals and allied products—in their 13th year of growth, up 6% to $38 billion.

Containers and packaging—expected to top $15 billion, for a 4% gain.

Copper—consumption (refined) of 2.3 million pounds expected, up 12%.

Aluminum—production of 8.9 billion pounds would represent a gain of 10%.

Paper and board—output $7.8 billion, an advance of 6%.

Scientific, industrial and technical equipment—a new peak of $4.6 billion would represent a 12% gain.

Photographic equipment and supplies —up 14% to $2.6 billion.

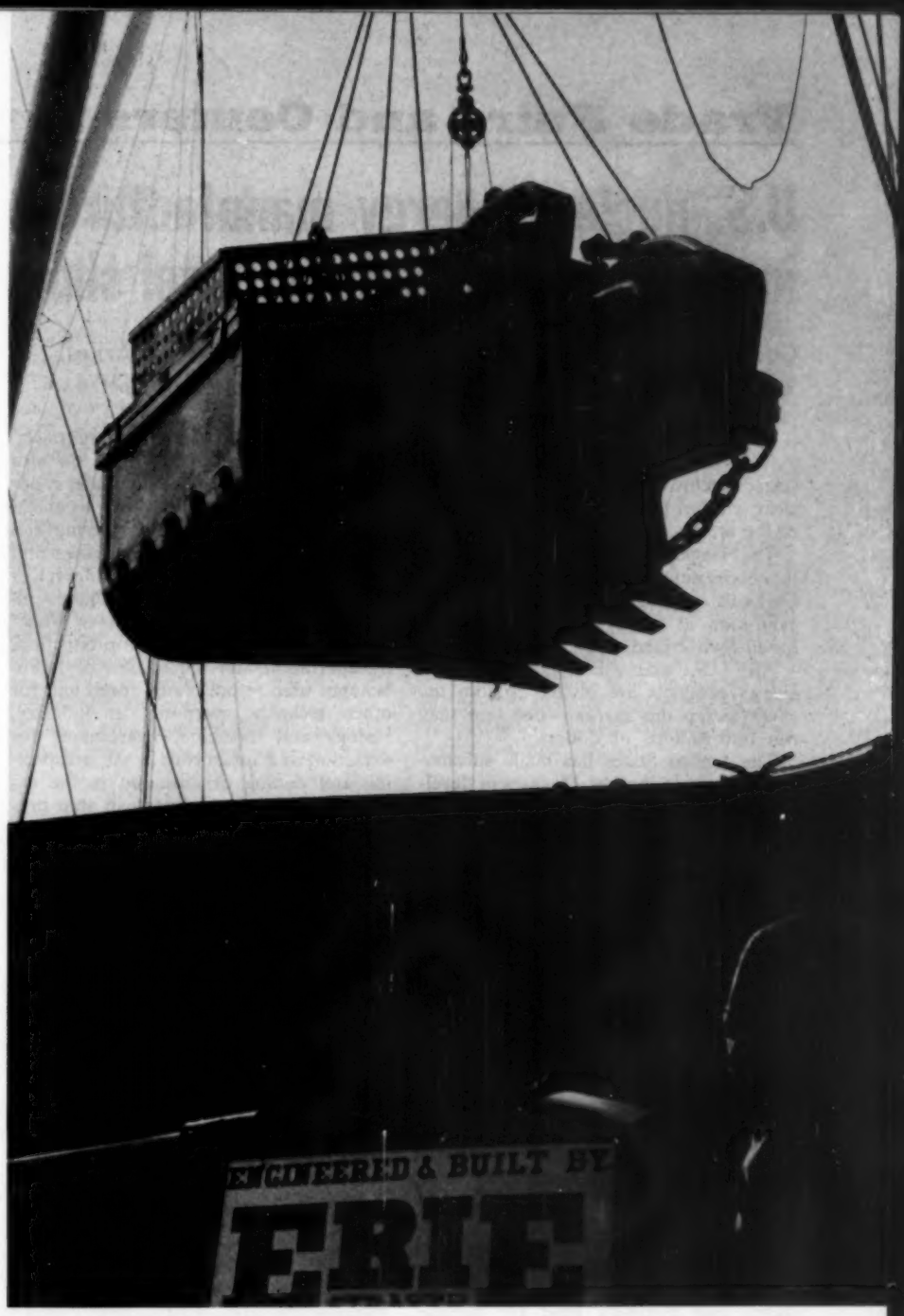
Household appliances—a 5.6% gain to $4.8 billion is in sight.

Broad data included

Power and industrial electrical equipment—general advance in sight, with electrical energy production expected to be up 6%, and many electric utilities engaged in major expansion and modernization programs.

The 1966 Industrial Outlook provides in each industry study section world production and trade data, industrial problem areas and graphs.

Copies may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402 at $1 per copy.



DRAGLINE BUCKET TO PAKISTAN, leaving via Port of Baltimore, is loaded on board American Export Isbrandtsen Line's 'S.S. Exminster.' The bucket is part of a 140-ton shipment from the Erie Strayer Export Co. of Cleveland. Consigned to West Pakistan's Machinery Pool Organization, Water and Power Development Authority, the dragline buckets are destined for excavation use in various public works projects. Forwarding details were handled by the Seaway Forwarding Co. of Cleveland.

Power company sparks customers into license lines

The Niagara Mohawk Power Corp., Syracuse, N.Y. has begun publishing a bulletin, "Opportunities from Overseas," designed to help its customers locate and take advantage of available foreign product licenses.

Included in the bulletin are listings by upstate New York manufacturers who are seeking specific products of foreign design for domestic production.

Opportunities are assembled with the cooperation of the International Commerce Division of the New York State Department of Commerce and the Bureau of International Commerce of the U.S. Department of Commerce.

Every opportunity is classified by Standard Industrial Code (SIC) number to enable readers to identify quickly items related to them.

Empire Upstate manufacturers may write International Services Operation, Area Development Department, Niagara Mohawk Power Corp., 300 Erie Blvd. W., Syracuse, N.Y. 13202 for further information.

U.S. nuclear energy manufacturers invited to participate in Basel show

Commerce, AEC to join hands in effort to tap Swiss market, which may be worth billions of dollars; fair set Sept. 8-14

The United States next year will take part in the first international trade fair staged exclusively to show and sell nuclear energy products for peaceful use of the atom.

The Department of Commerce, with the cooperation of the Atomic Energy Commission, will mount an official U.S. exhibition at the fair, NUCLEX '66, in Basel, Switzerland, Sept. 8-14.

All U.S. manufacturers of nuclear energy products are invited to join the effort to tap this market—one that may run into billions of dollars.

The United States has made substantial progress in the last 15 years in developing peaceful applications of atomic energy, particularly in the generation of electric power with nuclear reactors. The Government has spent more than $1.6 billion on this effort and private enterprise an additional $500 million.

Increasing fast

The world's need for large new sources of energy has been increasing rapidly. In Europe alone, the market for nuclear materials and products in the next 10 to 20 years is likely to be in the multi-billions of dollars.

The U.S. exhibition, under auspices of the Commerce Department's Bureau of International Commerce, will give U.S. manufacturers opportunity to capitalize on Western European need for a host of products and materials used in peaceful application of nuclear energy.

For example, a BIC market survey shows that Europe's need for nuclear energy to produce electric power is far greater than that of the United States. The market for nuclear reactor generator stations alone is estimated at more than $2 billion over the next two decades.

Such a rate of expansion offers particularly attractive export sales opportunities for an American industry which has built its annual domestic sales to over a quarter of a billion dollars and, in the process, has become recognized internationally for its proficiency in the development and manufacture of nuclear equipment for all kinds of peaceful purposes.

The U.S. entry in NUCLEX '66 also will give American manufacturers opportunities to show and sell technical equipment used in civil engineering and protective devices to maintain clean and sterilized rooms; shielding, manipulators and other protective tools required in laboratories using radioactive or "hot" materials; equipment for the production, transportation and application of radioisotopes used in preserving foods and for other technical purposes in industry, biology and medicine; instruments for detection and measuring in the prospecting and mining of uranium; in the expanding field of computers; in ship propulsion, and reactors for research and experiment.

NUCLEX '66 is expected to attract an unprecedented gathering of members of the European industrial community, research directors, laboratory technicians and public officials. It will be held in the permanent buildings of the Swiss Industries Fair in Basel.

Too many fisheries fairs, say European exhibitors

In Europe, where international fisheries fairs are becoming more important and widespread, the situation is this: there are too many of them.

Exhibitors are saying that these fairs are more numerous than they want or can support. The reason? The high cost of transporting and maintaining exhibits and personnel.

Direct U.S. participation in these fairs usually has been limited to a few companies. Many more are represented in combination with or by European agents.

Participation—either directly or by agent—is worthwhile, according to the Embassy in Copenhagen, Denmark, and necessary to maintain or build markets. The fairs held in London, Copenhagen and in Norway are becoming well established and attract a large group of prospective buyers.

Scandinavians seek industrial fasteners; special exhibit set

Industrial fasteners, the sophisticated nuts and bolts of modern industry, will be featured in a special show-and-sell exhibition at the Trade Center in Stockholm, Sweden, May 25-June 1.

Inviting U.S. manufacturers to participate, the Bureau of International Commerce (BIC) said the sales outlook for fasteners in Scandinavia is promising in every industrial classification, especially automotive, aircraft, shipbuilding, construction, electronic, footwear and electromechanical.

BIC's market surveys showed that labor is scarce throughout Scandinavia, wages are relatively high, and manufacturers are avidly seeking advanced assembly devices to cut production costs. In demand are:

Self-drilling and machine-tapping screws; self-locking nuts, bolts and screws; spring-steel and speed nut-type fasteners; blind and bolt-type rivets; mechanical quick-operating dampening and fastener devices; special-purpose pins, inserts (plastic moulding) and related parts: multi-purpose screws and screw anchors, and explosive bolts and captive studs.

Also, corrosion-resistant fasteners; adhesive bonding and sealing materials, especially for metalworking; special-purpose brazing and soldering equipment; retaining rings and weld fasteners; power hand tools, and miscellaneous assembly equipment.

Little research

Highly industrialized Sweden traditionally has been a large consumer of conventional mechanical fasteners—nuts, bolts, screws and rivets—with very little production or coordinated research to develop advanced fasteners and assembly techniques.

The Stockholm Trade Center show will offer U.S. manufacturers a timely opportunity to make sales and to find agents and distributors. **Write:** Bureau of International Commerce (code 8193), Department of Commerce, Washington, D.C. 20230 (phone: area code 202-WO. 7-3806), or any of the Department's Field Offices.

Cigarette-maker sells 100,000 packs made on the spot at Baghdad fair

AMF-Sasib, exhibitors of cigarette-making machinery at the recent American exhibition at the Baghdad fair, sold 100,000 packs of "USA" cigarettes, manufactured on the spot.

The cigarettes, which proved to be excellent publicity for the show, were made from American and Iraqi tobacco supplied by the Iraq Tobacco Monopoly Administration.

AMF enjoyed other successes at the show, naming an Iraqi agent and negotiating sale of the exhibited machines. The firm was invited to submit proposals by mid-January for additional machinery worth well over $1 million.

The best sales promotion at the fair was done, according to the Embassy in Baghdad, by the firms that sent technicians to the show.

"Particularly outstanding," the Embassy reported, was the work of Theodore Miller, president of the Akron Presform Co., who was on duty throughout the show and afterward. He remained in Baghdad long enough to visit some of the better prospects for plastic rotational molding machines.

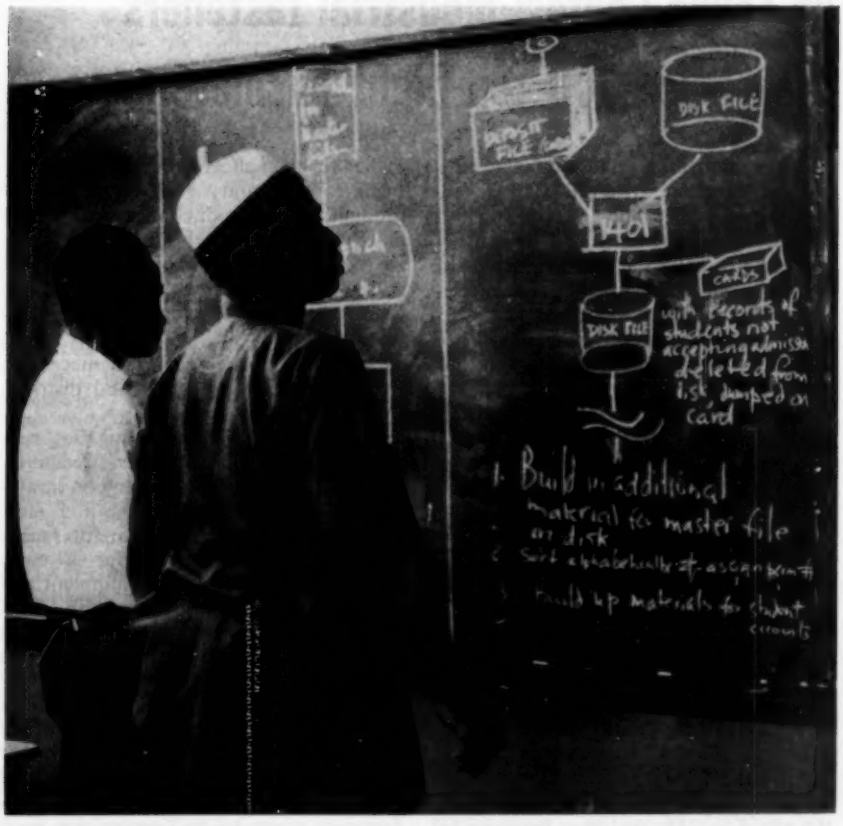
By mid-December, he had obtained orders for machines worth $172,000 and had another prospect for machinery worth more than $100,000. He appointed an Iraqi agent for his company and for the Comet and Newbury Industries, who also displayed plastic molding machines. Miller is a member of the board of directors of both firms.

The Westinghouse display of automatic laundry and dry cleaning equipment was operated by a capable American technician with the close cooperation of the local Westinghouse distributor. The dry cleaning machines, the first ever seen in Iraq, were purchased by a Basra businessman and prospects at the end of the fair were excellent for additional sales when the 1966 import licenses become available.

The Hughes Model 300 helicopter was a "huge success," the Embassy reported, and prospects appeared good for the sale of several units to the Iraqi Air Force as training craft.

IN THE SWIM

AB Villa Pool, Stockholm representative of Doughboy Industries, Inc., manufacturer of plastic above-ground swimming pools, demonstrated these pools and related equipment Nov. 15 at the Trade Center in Stockholm. Norbert Hoffman, managing director, said he made sales totaling $45,000 for delivery in March. He estimated future sales at possibly three times that amount.



COMPUTER PROGRAMMING was one of skills learned by 28 African students at IBM African Center.

African students complete data training in Nigeria

At December graduation ceremonies, students from four African nations received their diplomas from the IBM World Trade African Education Center at the University of Ibadan, Nigeria.

The class numbered 28 students from Nigeria, Kenya, Ethiopia and Zambia. They followed a first class of 23 from Nigeria, Ghana and Liberia who got their diplomas last August.

The major objective was to stimulate the training of Africans in managerial and technical skills needed to utilize modern data processing methods.

Like 3-year degree

The 18-month course was comparable to a normal 3-year degree. In addition to 2,000 hours of computer training, the course included 500 hours of business administration and liberal arts.

IBM provided the students with scholarships that covered room, board, tuition, living and traveling expenses. In addition the company designed and built the 8,400 square-foot facility and donated the Center's IBM 1401 computer and related data processing equipment.

'SWENCH' WRENCHES displayed by the Curtis Wright Corp. proved one of the prime drawing cards.

OPENING DAY visitors had their choice of several active demonstrations of U.S. products on display.

ANOTHER POPULAR EXHIBIT was that of the National Screw & Manufacturing Co. of Cleveland. James L. McAuliff, vice president and general manager, discusses his firm's exhibit an opening day.

At Tokyo Center: industrial fasteners draw over 300 top-flight businessmen

From all over Japan, top-flight businessmen came to see the latest U.S. advanced industrial trade fasteners on display at the Trade Center in Tokyo.

More than 300 industrialists from the aircraft, camera, automotive, motorcycle, shipbuilding, electronic and electrical, and local fastener industries visited the show to see the products and talk business.

U.S. Minister John K. Emmerson and Shiro Toyama, president of the Fasteners Institute of Japan, opened the show with these words:

Emmerson: "The business of putting things together more efficiently, more economically, more attractively, is the subject of industrial fasteners . . . Perhaps no other commodity has as widespread application throughout industry. We have the products of 24 American firms . . . the best and latest in U.S. products, here on view, and qualified technicians stand ready to discuss the needs of individual Japanese companies."

Toyama: "We pride ourselves that our fastener industry plays a great role in the world . . . On the other hand we believe it very important for ourselves to make further effort to modernize our facilities . . . and development of new products and introduction of new technology are indispensable factors. We believe that this exhibit of U.S. fasteners will greatly serve these purposes and also contribute to the development of Japan's fastener industry."

Several exhibitors reported success in their efforts to sign agents and distributors.

The Heyman Manufacturing Co., represented by two home office executives, located a distributor for its nylon strain-relief bushings for electrical and electronic equipment, a new item for Japan.

KSM Products, introducing a complete line of stud welding equipment and fasteners, amazed visitors with their ease of operation and attracted at least five major manufacturers and distributors as a result of the trade contact survey.

Oldenkott had a virtual lineup of manufacturers who stood in amazement and saw a relatively simple lock washer in operation. More than six proposals had been received by the firm from manufacturers eager to be licensed for local manufacture.

Somali businessmen make additional joint venture offers

Proposals come from recent U.S. Trade Mission visit to Africa

Five additional joint venture proposals covering widely diverse projects have been reported by the recent U.S. Trade and Development Mission to Somalia.

An opportunity to exploit gypsum deposits involves a joint venture with the Somali Government, rather than a private entrepreneur.

Individual businessmen or firms interested in exploring one or more of these opportunities are requested to show the Interview Report (IR) number on any correspondence with the Somali firm or with the Bureau of International Commerce.

1492 Gypsum mining

The Government of the Somali Republic is interested in negotiating a joint venture with a U.S. firm experienced in the industry to develop reportedly one of the world's largest gypsum deposits. Geological surveys and a feasibility study have been prepared.

Firms interested in this proposal and wishing to obtain copies of surveys and study should **write:** Ministry of Industry and Commerce, P.O. box 360, Mogadiscio, Somali.

2011 Hide and skin curing

A Hargeisa firm, with considerable experience in exporting hides and skins and bartering with shepherds, proposes a joint venture with a U.S. firm experienced in the industry to establish a processing plant for pickling sheep and goat skins. It suggests a 50-50 arrangement but is open to counter-proposals. The U.S. partner is also asked to provide technical and marketing assistance in the venture. According to the firm, it has made a detailed study of the project, selected an approximate site for the plant and estimated equipment and labor needs. Tentative site of the pickling plant is Burao, about 90 miles from the seaport of Berbera. Blackface sheep skins, prized in the world leather market, are freely available in the area. Estimated production of the plant is around 700,000 skins a year. Dry and raw slated Somali goat and sheep skins are customarily sold to middlemen on the Arabian peninsula, with many skins being wasted because of inefficient processing. The proposed pickling plant would be the first of its kind in the country.

Write: Somali General Trading Co., P.O. box 55, Hargeisa, Somali Republic. WTD.★ IR 17H.

2042 Bone meal

Establishment of a bone meal plant on a joint venture basis with a U.S. firm is proposed by a Hargeisa livestock dealer in business since 1955 and reported to have 35 employees.

Write: Haji Ali Bottan, P.O. box 61, Hargeisa, Somali Republic. IR 7H.

2631 Paperboard

A large Mogadiscio sugar producer, founded in 1930 and reportedly having a current employment of 4,000, proposes a joint venture with an experienced U.S. manufacturer to establish a paperboard facility which would use bagasse as the principal raw product. Contemplated major use of the paperboard would be cardboard boxes for export shipment of bananas. A feasibility study of the proposed project, in Italian, is available.

Write: Societa Nazionale Agricolo Industriale, P.O. box 25, Mogadiscio, Somali Republic. Attn.: Dr. Ahmed Dahir Hassan, President.★ IR 26H.

4411 Cargo ship transportation

A group of Somali businessmen proposes a joint venture to establish a possible weekly cargo transportation service from Berbera in the Somali Republic to Persian Gulf and Red Sea ports. Outboard cargo would consist of hides, skins, livestock and general cargo. Sought of a U.S. partner in the venture in the partner is financial participation from 50 to 75%, principally for acquisition of a vessel suitable for the purpose and in the vicinity of 1800 tons.

U.S. companies with a ship meeting these requirements and wishing to obtain further details concerning this opportunity should **write:** Musa Kahin & Co., P.O. box 99, Hargeisa, Somali Republic. IR 13H.

Finnish firm seeks license

A license to produce U.S. brands of pipe tobacco is sought by Finnish manufacturer of pipe tobacco and canned foods. For combined activities company has about 600 production employees and 40 traveling salesmen.

Write: Saarioinen Oy, Vuolteenkatu 15, Tampere, Finland. WTD.

LOW TENSION SWITCHGEAR

Manufacturer of low tension switchgear and electric motors from 0.13 to 7.5 hp. is interested in being licensed by U.S. companies for the manufacture of low tension switchgear (under 600 volts).

Write: Condor-Werke, Gebr. Frede KG, Elektro-und Maschinenfabrik, 30 Haupstrasse, 4415 Westkirchen/W., Germany. WTD.

French producer makes headset license offer

A license is offered from France for U.S. production of a combined microearphone headset which does not require a mouth or throat pickup.

This headset, patented throughout the world, is claimed to be the only type allowing the use of a transmitter-receiver when a safety mask is worn. It consists of an earflap bearing a micro- earphone on one side and a ring-shaped microholder to be applied to the user's external ear on the other side.

When worn over a safety mask, the contact microphones pick up speech vibrations through the mask at the lower part of the zygomatic bone or optic petrosal bone. The output of the microphones is applied to a transitorized preamplifier which is connected into the cable linking the headset to the transmitter-receiver. The earphone is a magnetic type of 600 ohms impedance. Complete technical data is available.

For the name and address of the firm and descriptive material, **write:** Office of International Investment, Bureau of International Commerce, Department of Commerce, Washington, D.C. 20230, referring to File 1369.

Indian wants venture for peanut production

A Bombay exporter of oilseeds, oilcakes and oil requests a joint venture to produce roasted peanuts, salted peanuts and peanut butter.

Plans to establish a factory at Veraval in Gujarat State, about 600 miles from Bombay, to process 1700 tons of roasted and salted peanuts and 1,000 tons of peanut butter annually are being considered. Proposed capacities are calculated on the basis of one eight hour shift daily for 300 days a year.

The total project cost is estimated at $315,000 with the U.S. partner furnishing about $147,000 to be utilized mainly for importing required machinery and equipment.

In addition, the U.S. collaborator is asked to provide technical know-how. According to the local firm, peanuts, as well as cashew kernels and walnuts, are locally available in abundant quantities.

Write: Premji Bhanji & Co., 29 Chinch Bunder, Bombay 9, India. WTD.★

Brazilian firm seeks license to produce electrical equipment

Generator, welding machinery motor manufacturing planned

A manufacturer of auxiliary electrical equipment in Sao Paulo seeks a license and technical assistance from a U.S. firm to produce generators, electric welding machines and special electric motors.

Specifically, it lists generators up to 5,000 kva; electric welding machines, 250 up to 500 amps.; AC and DC special electric motors up to 300 hp., for shipboard capstans and hoists.

The firm presently manufactures a variety of equipment including monophasic and triphasic alternators, 110/220 volts, 220/380 volts, 50/60 cycles, 0.5 up to 7.5 KVA; generators to charge 6 and 12 volt batteries; generators for electric power turbines 3 to 200 KVA; welding generators 50/350 amps. and many other related products, all of which are known by the trade-mark IRNE for domestic use and export.

Familiarity with law

It is suggested that interested U.S. firms familiarize themselves with Brazil's Foreign Investment Law covering the remittance of profits before contacting the Sao Paulo firm.

An English language copy is available without charge by requesting "Brazilian Foreign Investment Law, Decree 55762" from OIRE, Bureau of International Commerce, Department of Commerce, Washington, D.C. 20230.

For further details regarding this licensing opportunity, **write:** IRMAOS Negrini S.A. Industria e Comercio, Caixa Postal 8528, Sao Paulo, Brazil, c/o Theobaldo Vigiani. WTD.

Olin-Mathieson to invest in Brazilian pulp plant

The Olin-Mathieson Chemical Corp. of New York will lend $1.5 million to Olinkraft Celulose E Papel Ltda., Brazil, to increase efficiency of a plant producing unbleached kraft pulp and paper in the state of Santa Catarina.

The Olin investment will be used for local currency costs in Brazil.

The Agency for International Development has issued its first guaranties on investment in Brazil to Olin. The $5.8 million contract insures Olin for $1.9 million against loss from each of three risks—currency inconvertibility, expropriation, and war, revolution or insurrection. Approval of the guaranties was the first given by the Brazilian Central Bank.

An $800,000 loan to the Brazilian subsidiary for purchase of equipment in the U.S. was also approved by AID.

Investment assistance

It is suggested that firms responding to investment opportunities listed in this section may wish to notify the Bureau of International Commerce of their action, so that further assistance may be extended where appropriate. A post card, or simply a carbon of the letter addressed to the foreign firm will be sufficient to insure receipt of additional information as available.

A (★) following the name of the foreign firm denotes that additional information concerning the proposal is available at no charge by contacting BIC-8630, Room 1520; Department of Commerce, Washington, D.C., 20230. (Telephone: 202-WO 7-4065 or WO 7-5367).

WTD indicates that a World Trade Directory Report containing financial and business background information is available on the foreign firm proposing the investment opportunity. Copies are $1 each from the Bureau of International Commerce, (BIC-8120) Room 6059B, Department of Commerce, Washington, D.C. 20230.

MARINE MARKETS

A well-established company of shipbuilders and engineers is seeking an arrangement with an American company for the manufacture and marketing in the United Kingdom of equipment of an advanced nature in these and new fields such as that of Laser technology as applicable to industrial and marine markets.

Write: Vosper, Ltd., Electrical Division, Hamilton Rd., Paulsgrove, Portsmouth, Hampshire. WTD.

ENAMELS

A manufacturer of paints, varnishes and enamels seeks license to make enamels for the automotive industry.

Write: Julio Cano Martinez, Fabrica de Pinturas, Gordoniz 48, (Pabellones), Bilbao, Spain. WTD.

License agreements wanted in Australia

Australian manufacturers are seeking licensing arrangements with U.S. firms for production of industrial enzymes and other fermentation products such as monosodium glutamate; insulating varnishes, wire enamels, polyesters, and continuous strip coatings, light engineering equipment, and furniture.

For additional information and the name and address of these firms, **write:** Dr. A. Denning, Suite 1306, New South Wales Centre, 680 Fifth Ave., New York, N.Y. 10019.

A chemical manufacturer seeks know-how for production of industrial enzymes and other fermentation products such as monosodium glutamate.

A license to produce marine equipment, including water filtration and distillation equipment, oil separators, steering gear, soot blowers, machine tools, and crushing equipment, is sought by an engineering firm.

A paint firm seeks license agreements to manufacture insulating varnishes, wire enamels, polyesters for encapsulations, continuous strip coatings, and basic polyester resins.

An engineering firm manufacturing rolling stock diesel and electric locomotives and medium to heavy engineering equipment seeks to diversify by manufacturing lighter equipment by a license agreement or joint venture—large scale operation preferred.

A hospital furniture manufacturer producing beds, cabinets and trolleys wishes to manufacture additional products with existing plant and equipment. These need not be for use by hospitals or institutions.

WELDING MACHINES

A manufacturer and wholesaler of selenium, silicon and germanium rectifiers, electric control transformers, voltage changers, is interested in obtaining technical assistance in connection with its manufacture in Spain of welding machines and electrical rectifiers.

Write: Afar, S.A., Iturribide 55, Bilbao, Spain. WTD.

FOUNDRY MODERNIZATION

U.S. capital sought to modernize foundry to increase soil pipe production.

Write: Belgian Consulate General, Industrial Section, 50 Rockefeller Plaza, New York, N.Y. 10020.

U.S. places embargo on petroleum shipments to Southern Rhodesia

Commerce Department to require validated export licenses; restrictions also put on shotguns, shells

The U.S. has placed an embargo on shipments of petroleum and petroleum products to Southern Rhodesia.

The Department of Commerce in its Current Export Bulletin No. 926 announced the embargo "in furtherance of foreign policy objectives and international commitments of the U.S. and in support of the British Government's embargo on imports of petroleum and petroleum products into Southern Rhodesia."

The Department said all petroleum exports and reexports from the U.S. to Southern Rhodesia now will require validated export licenses and that "it shall be the policy of the Department of Commerce generally to deny all such exports and reexports."

Restrictions also were placed on shipments of shotguns and shotgun shells from the U.S. to Southern Rhodesia. The Department said this was "pursuant to the U.S. arms embargo announced by UN Ambassador Goldberg on November 12."

Other similar controls

Similar export controls are being exercised by the Office of Munitions Control of the State Department over other arms, ammunition and implements of war.

Commodities included in the following categories were added to the list of products which require validated export licenses for export or reexport to Southern Rhodesia:

Crude petroleum, including shale oil; and petroleum partly refined for further refining, including top crudes.
Gasoline, and gasoline blending agents.
Kerosene.
Distillate fuel oils.
Residual fuel oils.
Lubricating oils and greases (petroleum based and synthetic).
Petroleum jelly (petrolatum).
Microcrystalline wax; and paraffin wax, crystalline.
Shotgun shells and parts.
Liquids for hydraulic transmission, containing less than 70% by weight of petroleum or shale oils.
Other hydraulic fluids, oils, and lubricants, petroleum or synthetic based.
Shotguns and parts.
Naphtha, mineral spirits, solvents and other finished light petroleum products.
Other aliphatic naphthas.
Insulating or transformer oils; quenching and cutting oils; and white mineral oils.
Other non-lubricating and non-fuel petroleum oils.
Pitch from coal tar distillation; and pitch from petroleum refining.
Pitch coke.
Petroleum coke.
Petroleum asphalt products; and petroleum and shale oil residues.
Bituminous mixtures, based on asphalt, petroleum, etc.

Shipments awaiting export transit as of Dec. 28 are not affected by the restrictions, but will require a validated export license if not exported by Jan. 4.

Copies of Current Export Bulletin No. 926 are available at 25 cents each from the Department of Commerce, Washington, D.C. 20230, or any of its 42 Field Offices.

Argentine steel firm needs U.S. machinery, equipment

U.S. machinery and equipment needed for expansion of production facilities will be purchased by Dalmine Siderca S.A.I. y C., an Argentine producer of steel ingots and seamless pipe.

Design, engineering and construction for the expansion program are under the supervision of Techint Engineering Company, an affiliate of the Argentine steel maker.

Items to be purchased in the U.S. include a shearing press, rotary straightener, heat treating furnance, boring and tapping machines, an overhead crane, a coupling machine and related spare parts.

The Export-Import Bank has authorized a $1.6 million loan to the firm to finance these purchases. The loan, to be guaranteed by the Industrial Bank of Argentina, will be repayable over six years, beginning in December 1967.

Investment guaranty agreement amended by U.S., Thailand

The U.S. and Thailand have agreed to broaden the guaranty service offered to U.S. investors.

Guaranties against losses by U.S. investors because of war or insurrection may now be offered by the Agency for International Development.

In addition, "extended risk" guaranties which insure investors, in exceptional circumstances, against loss of an investment from a wide range of risks including normal business risks other than fraud or misconduct on the part of the investor can now be provided.

As in the case of an earlier Thai-U.S. agreement which the new agreement amends, each project must be approved in advance by the Thai Government. Each project also must meet the terms of the U.S. guaranty legislation, which stresses the requirement that investment projects to be insured must advance the development of productive capacities and increase the social progress of the host country.

AID investment guaranties are now available in some 80 countries. The fee charged for the investment guaranty insurance is one-half of one percent of the amount of each coverage in most instances.

India to buy wheat, flour under U.S. Food for Peace

The U.S. and India have signed a sixth amendment to a Title I, Public Law 480 agreement to provide for financing the sale of an additional $87.5 million worth of wheat (about 55 million bushels), or wheat flour.

The wheat will be furnished as part of the U.S. Food for Peace program. Some quantities of grain sorghum will be financed in place of wheat or flour. Payment will be in Indian rupees.

Sales will be by private U.S. traders.

The amendment provides that 5% of the Indian rupees obtained as sales proceeds will be set aside for loans to U.S. and Indian private business firms. These loans will be made by the Agency for International Development.

Costa Rica agrees to free trade in grains produced in Central American Market

An official of the Costa Rican Government recently declared that Costa Rica would allow free trade of corn, rice, beans and sorghum produced in Central American Common Market (CACM) countries.

The other four CACM countries have argued that free trade of these products was to be allowed from June 5, 1965, under provisions of the General Treaty on Central American Economic Integration, while Costa Rica insisted that under the same treaty a special agreement on CACM grain policies was to precede free trade.

Production costs in Costa Rican agriculture are considered higher than in other Central American countries primarily because of controls over production and marketing.

The Costa Rican action was preceded by a joint meeting of CACM Ministers of Economy and Agriculture in late October where an agreement was signed to provide for control over Central American prices and imports of the four "basic grains" of Central America.

Policies coordinated

The Special Protocol on Trade in Basic Grains, as it is called, provides for coordination of national policies for production and supply of basic grains. Each country is called upon to fulfill needs for basic grains in excess of production by first purchasing it from other CACM countries.

If not available from CACM sources, it may be imported by the national Price Stabilization Agency paying customs duties equal to the difference between the national minimum price fixed by the agency and the cost of the imported grain placed in warehouse.

Grain may also be imported as a donation from an international agency, under the approval of the national government, and as a normal commercial transaction with the importer's paying the full external duties. It is the obvious intent that grain be imported generally by the Price Stabilization Agencies.

Remaining unaffected by the Special Protocol are wheat and flour, two important items of trade for U.S. exporters who shipped over $11 million worth of these two commodities to CACM in 1964. The CACM countries have not yet negotiated a common external tariff on wheat and flour.

Germany adds more medicine to special registration list

Prescriptions required for 23 supplemental items until 1969

The list of 23 substances and preparations subject to special registration for sale in Germany, as announced last July, has been extended to cover 46 items.

The initial 23 substances and preparations will require prescriptions until July 1, 1968. The 23 supplemental listings will require prescriptions until Jan. 1, 1969.

Medicines containing substances or which are preparations listed for special registration are subject to stringent requirements with respect to the submission of reports from the manufacturer about the clinical and pharmacological examination of such medicines.

These substances and preparations have been determined as having effects not generally known in medical science.

Finding the lists

The original ordinance of the German Health Ministry and the first 27 items were published in *Bundesgesetzblatt* I, 1965, pp. 445 and 446. *Bundesanzeiger* 177 of Sept. 21, 1965, carried an amended list showing the original items and 14 additional. Another four substances and preparations were announced in *Bundesanzeiger* 193, Oct. 13, 1965, and the last five to date were listed in *Bunderanzeiger* 213, Nov. 11, 1965. Both the *Bundesggesetzblatt* and the *Bundesanzeiger* may be ordered from the Bundesanzeiger Verlag G.m.b.H., Bonn, Germany.

Photostat copies are available at nominal cost from the Photo-Duplication Service, Library of Congress, Washington, D.C. 20540.

These changes should be noted in the Department of Commerce bulletin "Pharmaceutical Regulations of the Federal Republic of Germany," World Trade Information Service report, Part 2, No. 57-63.

Paper plant expansion planned in Viet-Nam

The Government of Viet-Nam and Parsons & Whittemore, Inc., New York, will double the capacity of their jointly-owned two-year-old pulp and paper mill at Bien Hoa, 20 miles north of Saigon.

The $3 million expansion program will double the mill's paper-making capacity to 18,000 tons a year. The mill, Cong Ty Ky Nghe Giay Viet-Nam, also will manufacture coated and light weight specialty papers in addition to the printing and writing grades now being made.

Jordanian Government reduces tariff rates

The Government of Jordan has announced substantial reductions in a long list of tariff items, including edible nuts, alcoholic beverages, preserved meats and fish, pharmaceuticals and movie film.

Major items of interest to U.S. exporters include medicaments and other pharmaceutical goods, 1% ad valorem (previously 5%); and positive cinematographic film, 84 cents per kilogram (previous rate $1.67 per kilogram).

For duty information on specific items reduced, **write:** OIRE, Bureau of International Commerce, Department of Commerce, Washington, D.C. 20230.

Germany opens quota for certain canned vegetables

Germany has opened import quotas of unannounced size for the following canned vegetables:

Wax beans (cuts) and asparagus cuts and tips. Imports are allowed from a number of countries, including the U.S.

Applications for import licenses may be submitted until the exhaustion of the value limits but not later than May 30. Licenses will be valid until May 31. The first day of customs clearance was Jan. 1.

Registrations invited by Australia on construction of $22.5 million dam

The Government of South Australia invites qualified firms to register for bids on the construction contract of the Chowilla Dam project. The 18,000-foot zoned earth fill dam will have a contract value of over $22,500,000.

Located on the Murray River near the junction of the South Australian, Victorian and New South Wales borders, the dam will form a 55-mile long reservoir designed primarily for flood control and irrigation.

The South Australian Government is the construction authority and the project will be financed through the River Murray Commission, which consists of the aforementioned Australian States and the Commonwealth Government.

Only firms which have successfully completed individual contracts worth over $11 million and which are interested in bidding on the entire project should apply for registration to bid.

Registered firms will receive complete final plans and will be invited to tender for the contract about May.

A description of the project and the registration procedures are available from the Director and Engineer in Chief, Engineering and Water Supply Dept., Box 641F, G.P.O., Adelaide, South Australia.

Registration applications deadline submission date is Feb. 3.

Greece extends bid deadline for telephone equipment

The Hellenic Telecommunications Organization, Athens, has extended the bid deadline on tender No. 6390 for the supply of private automatic branch telephone exchanges and associated equipment from Dec. 20 to Jan. 20 (INTERNATIONAL COMMERCE, Nov. 22, p. 37).

Construction bids on 3 roads and water reservoir invited

Libya's Secretary of the Central Tenders Board, Ministry of Finance, Sharia Shatt, invites bids for the construction of three roads and a water reservoir with a two-million-gallon capacity.

Bids on all projects should be submitted by Jan. 17.

Tender No. 790 calls for the construction of approximately 14 miles of the Kasabat-Shaafin road. Terms and specifications are available from the Directorate General of Roads, Tripoli or from the Controller of Roads, Benghazi upon payment of $56.

Tender No. 791 is for the construction of about 18 miles of road from Rajmah to Abiar. Tender documents are available on payment of $140.

Tender No. 792 calls for about 8 miles of road construction from Bir Trina to Suani. Tender documents cost $42.

The water reservoir for the Public Works Department is under Tender No. 793 and the terms and specifications are available from this Department either in Tripoli or Benghazi, or from Messrs. Howard Humphreys, London, upon payment of $42.

Copies of these tender notices with additional information and instructions are available to firms located in the U.S. from the Department of Commerce, BDSA-6460, Washington, D.C. 20230. Telephone: 202-967-3601.

Canada to buy sluice gates, port gates, other equipment

The British Columbia Hydro & Power Authority, 970 Burrard St., Vancouver, B.C., is inviting bids to provide four sluice gates and eight low-level port gates with associated equipment to regulate the flow of water through the concrete section of Arrow Dam (Columbia River project). Gates will control the level of reservoirs behind the Dam in 1969.

The contract calls for delivery of four fixed roller, vertical lift type gates, 50 feet wide and 55 feet high, complete with towers and bridge structure. Steel towers support the bridge structure that will house electrically operated lifting equipment to raise and lower the sluice gates.

Bid deadline is Feb. 15.

For additional information, contact the British Columbia Hydro & Power Authority, at the above address.

U.S. DEPARTMENT OF COMMERCE—FIELD OFFICES

ALBUQUERQUE, N. MEX., 87101, U.S. Courthouse. Phone: 247-0311.

ANCHORAGE, ALASKA, 99501, Rm. 306, Loussac-Sogn Building. Phone: 272-6331.

ATLANTA, GA., 30303, 75 Forsyth St., N.W. Phone: 526-6000.

BALTIMORE, MD., 21202, Rm. 305, U.S. Customshouse, Gay and Lombard Sts. Phone: Plaza 2-8460 Ext. 2754.

BIRMINGHAM, ALA., 35203, 908 Title Bldg., 2030 Third Ave., North. Phone: 325-3131.

BOSTON, MASS., 02110, Room 230, 80 Federal St. Phone: Capitol 3-2312.

BUFFALO, N.Y., 14203, 504 Federal Bldg., 117 Elliott St. Phone: 842-3208.

CHARLESTON, S. C., 29402, Suite 631, Federal Bldg., 334 Meeting St. Phone: 747-4171.

CHARLESTON, W. VA., 25301, 3002 New Federal Office Bldg., 500 Quarrier St. Phone: 343-6196.

CHEYENNE, WYO., 82001, 6022 U.S. Federal Bldg. and Court House, 2120 Capitol Ave. Phone: 634-5920.

CHICAGO, ILL., 60604, 1486 New Federal Building, 219 South Dearborn St. Phone: 828-4400.

CINCINNATI, OHIO, 45202, 9028 Federal Office Bldg., 550 Main St. Phone: 684-2944.

CLEVELAND, OHIO, 44101, 6th Floor, Federal Reserve Bank Bldg., East 6th St. & Superior Ave. Phone: 241-7900.

DALLAS, TEX., 75202, Room 1200, 1114 Commerce St. Phone: Riverside 9-3287.

DENVER, COLO., 80202, 16407 Fed. Bldg., 20th & Stout Sts. Phone: 297-3246.

DES MOINES, IA., 50309, 1216 Paramount Bldg., 309 Grand Avenue. Phone: 284-4222.

DETROIT, MICH., 48226, 445 Federal Bldg. Phone: 226-6088.

GREENSBORO, N.C., 27402, Room 412, U.S. Post Office Bldg. Phone: 275-9111.

HARTFORD, CONN., 06103, 18 Asylum St. Phone: 244-3530.

HONOLULU, HAWAII, 96813, 202 International Savings Bldg., 1022 Bethel St. Phone: 588-977.

HOUSTON, TEX., 77002, 5102 Federal Bldg., 515 Rusk Ave. Phone: CA 8-0611.

JACKSONVILLE, FLA., 32202, 512 Greenleaf Bldg., 208 Laura St. Phone: Elgin 4-7111.

KANSAS CITY, MO., 64106, Room 2011, 911 Walnut St. Phone: BAltimore 1-7080.

LOS ANGELES, CALIF., 90015, Room 480, Western Pacific Bldg., 1031 S. Broadway. Phone: 688-2833.

MEMPHIS, TENN., 38103, 345 Federal Office Bldg., 167 N. Main St. Phone: 534-3214.

MIAMI, FLA., 33130, Rm. 1626, Federal Office Bldg., 51 S.W. 1st Ave. Phone: 350-5267.

MILWAUKEE, WIS., 53203, Straus Bldg., 238 W. Wisconsin Ave. Phone: BR 3-8600.

MINNEAPOLIS, MINN., 55401, 306 Federal Bldg., 110 S. Fourth St. Phone: 334-2132.

NEW ORLEANS, LA., 70130, 909 Federal Office Bldg., (South) 610 South St. Phone: 527-6546.

NEW YORK, N.Y., 10001, 61st Fl., Empire State Bldg., 350 Fifth Ave. Phone: LOngacre 3-3377.

PHILADELPHIA, PA., 19107, Jefferson Bldg., 1015 Chestnut St. Phone: 597-2850.

PHOENIX, ARIZ., 85025, New Federal Bldg., 230 N. First Ave. Phone: 261-3285.

PITTSBURGH, PA., 15222, Room 2201 Federal Bldg., 1000 Liberty Ave. Phone: 644-2850.

PORTLAND, OREG., 97204, 217 Old U.S. Courthouse, 520 S. W. Morrison St. Phone: 226-3361.

RENO, NEV., 89502, Room 2038, Federal Bldg., 300 South St., Phone: 784-5203.

RICHMOND, VA., 23240, 2105 Federal Bldg., 400 North 8th St. Phone: 649-3611.

ST. LOUIS, MO., 63103, 2511 Federal Bldg., 1520 Market St. Phone: MAin 1-4343.

SALT LAKE CITY, UTAH, 84111, 3231 Federal Bldg., 125 So. State St. Phone: 524-5116.

SAN FRANCISCO, CALIF., 94102, Room 11464, Federal Bldg., 450 Golden Gate Ave. Phone: 556-5864.

SANTURCE, PUERTO RICO, 00907, Room 628, 605 Condado Ave. Phone: 725-4640.

SAVANNAH, GA., 31402, 235 U.S. Courthouse and Post Office Bldg., 125-29 Bull St. Phone: 232-4321.

SEATTLE, WASH., 98104, 809 Federal Office Bldg., 909 First Ave. Phone: MA 2-5615.

Jordan announces tender for water supply network; invites separate bids

The Jordan Development Board, Central Water Authority, Amman, invites bids for the construction of the Zerqa Water Supply Network. Separate tenders announced for the project include a Main Contract and three Contracts for Machinery.

Mechanical and electrical equipment for the machinery contracts is to be supplied and installed by specialized firms, to be chosen and recommended separately and are to be considered sub-contractors for the main contractor.

The Main Contract includes civil engineering work and construction for pipelines and buildings.

The Machinery Contracts are as follows: No. 1 Pumping plant (estimated cost $28,000); No. 2 Chlorination plant (estimated cost $2,800); No. 3 Electrical instruments and equipment (estimated cost $42,000).

The International Development Association has made a development credit available for execution of the works. Established U.S. firms are eligible to bid on the Machinery Contracts, although it may be difficult for non-resident firms to compete successfully with local firms for the Main Contract.

The tender documents and specifications may be obtained at a cost of about $196 from the consultant, Vattenbyggnadsbryan (VBB), Box 5038, Stockholm 5, Sweden, or from the Central Water Authority, P.O. Box 7, Amman, Jordan.

One set of documents is available for review by interested firms located in the U.S. at the office of the Water Industries & Engineering Services Division, Rm. 4111, U.S. Department of Commerce, Washington, D. C. 20230.

The closing date for accepting bids is noon February 28.

Railway track materials sought by Greek Ministry

The Ministry of Commerce, State Purchases Directorate "B", 50 Socratous St., Athens, is requesting bids on the supply of the following materials: 190 tons of joint bars, 32 tons of bolts, 820 tons of clips, 660 tons of clip bolts, 160 tons of tie plates, 130 tons of double spring washers, 33 tons of screw spikes, and 725,000 units of wooden tie-pads.

Bid deadline is Feb. 12.

A copy of the tender documents in English and Greek, and drawings in Greek only, are available on loan to firms located in the U.S. from the Iron & Steel Division, BDSA-6380, Rm. 4222, Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-2363.

Greece extends bid deadline on sewage pumping station

The bid deadline for the supply of mechanical and electrical equipment, piping and supplies and their installation at a sewage pumping station at Paleon Phaleron has been extended from Jan. 7 to Feb. 8. (INTERNATIONAL COMMERCE, Dec. 20, 1965, p. 35).

Separate construction bids on suburban center and clinic requested by Kuwaiti Board

The Kuwait Central Tenders Board, on behalf of the Ministry of Public Works, is inviting two separate bids for the construction of a suburban center and an outpatient clinic.

Bid deadlines are Feb. 5 and 6 for firms to submit bids through local contractors.

The local contractors for construction works —buildings only—are those registered with the Tenders Board in categories II and III.

A list of the approved local contractors in categories I through IV is available to U.S. firms from the Department of Commerce's Building Materials & Construction Industries Division, BDSA-6460, Washington, D.C. 20230.

The construction at Suleibekhat of the suburban center (estimated cost over $1 million) is on tender No. QS/T-65/24. Bid deadline is before Feb. 6. The bidder's guarantee is $56,000. Documents are available for $364 from the Central Tenders Board, State of Kuwait.

The second bid requested is on the construction of an outpatient clinic for chest ailments to be built in Suleibekhat for an estimated $560,000. All bids must be submitted through local contractors before Feb. 5. The bid guarantee requested is for $28,000. Tender documents are available to interested bidders for $84 from the above mentioned Board.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

New Trade Lists

The Bureau of International Commerce has published the following new trade lists of which mimeographed copies may be obtained by firms domiciled in the United States from BIC-8120, Department of Commerce, Washington, D. C., 20230, and from Department of Commerce Field Offices. The price is $1 a list for each country. All are dated December unless noted otherwise.

Automotive Vehicles and Equipment—Importers and Dealers—Switzerland, Nov.

Curios, Novelties and Handicrafts—Manufacturers and Exporters—Norway, Nov.

Hides, Skins and Furs—Importers, Dealers and Exporters—Switzerland.

Iron and Steel, Nonferrous Metals and Building Materials—Importers and Dealers—Netherlands Antilles.

Office Supplies and Equipment, Paper and Stationery—Importers and Dealers—Costa Rica.

Office Supplies and Equipment, Paper and Stationery—Importers and Dealers—Thailand.

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. These numbers refer to the Standard Industrial Classification (SIC) Manual, which is available for $2.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any resultant trade relations.

The listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the Comprehensive Export Schedule or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

- **• indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.**
- **★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the Trade Opportunities Staff, BDSA-6192, Department of Commerce, Washington, D.C. 20230. The T.M. (trade mission) number is requested in correspondence. Requests for loan material should specify country and T.M. number.**
- **WTD indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $1 each from the Bureau of International Commerce, BIC-8120, Department of Commerce, Rm. 6059 B. Telephone: 202-WO 7-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.**

Leads for Exporters

Listed below are companies interested in buying U.S. products. Direct purchases are wanted unless otherwise indicated. Approximate foreign tariff rates and customs applicable to the products listed below may be obtained from the Department of Commerce or the Department of Commerce field offices.

011 Field crop farms

GERMANY—Soybeans No. 2; yellow corn No. 2 and No. 3; barley No. 3; all commodities according to certificate. Requests price quotations cif Rotterdam, Amsterdam or Bremen; requests replies in German. Hans Hunekuhl (importer, wholesaler, commission merchant), 32 Karl-Marx-Strasse, 46 Dortmund. WTD 12/14/65.

201 Meat products

FRANCE—Canned meat, specialties such as canned hamburgers, etc., goose liver pastes, canned ham. Ets. Porfin (manufacturer, exporter, importer), 21 Rue du Bouloi, Paris, 1. WTD 10/27/64.

203 Canning, preserving food

PERU—Canned, packaged foods; dried fruits, such as raisins, peaches, in bulk; oats, in bulk; requests replies in Spanish. First Mercantil S.A. (importer, wholesaler, retailer), Aptdo. 5786, Lima. WTD 12/15/65.

207 Confectionery

NETHERLANDS—Chocolates and confections, such as bonbons, candy, etc. Direct purchase, exclusive representation desired. Gerhards Import N.V. (importing distributor), 295-296 Baarsjesweg, Amsterdam. WTD 12/13/65.

209 Food preparations

FRANCE—Oily colorings for wood products; requests replies in French; direct purchase and agency. Societe Bretonne de Produits Chimiques et Pharmaceutiques "SOBREP" (importer, dealer), 24 Rue Murillo, Paris, 8e. WTD in preparation.

220 Textile mill products

ETHIOPIA—Textile fabric for use in manufacturing dresses, shirts, two-piece suits; re-

quest full details, prices, samples. Direct purchase, exclusive distributorship and/or agency. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

NETHERLANDS—Printed synthetic fabrics (piece goods) for ladies' dresses, blouses and lingerie (rayon, nylon, Dacron and mixtures). Exclusive agency representation for The Netherlands desired. Samples and price lists requested. H. F. Buseck (sales agent), 28 Schubertstraat, Amsterdam. WTD 4/26/65.

221 Broad woven fabric mills, cotton

KENYA—Cotton drapery materials, furnishings, fancy ladies' dress materials and men's shirtings. E. Bolgar, Manager Textiles, Twentsche Overseas Trading Co. Ltd. (importer, wholesaler, indenter), P.O. Box 30038, Nairobi. WTD 9/24/65.

222 Broad woven fabric mills, manmade fiber, silk

KENYA—Manmade fiber and/or silk ladies' fancy dress materials and men's shirtings. Manmade fiber drapery materials, furnishings and men's suitings. E. Bolgar, Manager Textiles, Twentsche Overseas Trading Co. Ltd. (importer, wholesaler, indenter), P.O. Box 30038, Nairobi. WTD 9/24/65.

224 Narrow fabrics, other smallwares mills

FRANCE—Haberdashery articles including all kinds of laces (shoe, corsets, etc.); direct purchase and agency; requests replies in French. Plihal & Cie (importer, dealer), 50 Rue des Marais, Paris, 10. WTD 9/8/64.

227 Floor covering mills

AUSTRIA—Broadloom carpeting, direct import or agency; requests replies in German. Ing. Kurt Rauch (wholesaler, agent), Doeblinger Hauptstrasse 79/12, Vienna 19. WTD 12/16/65.

NETHERLANDS—Tufted carpets made of continuous filament nylon; width 12 ft. and 15 ft. Exclusive agency representation desired. Hometex International Sales Corp. (sales agent), 12 Brummelstraat, Brummen. WTD 12/2/65.

228 Yarn, thread mills

CEYLON—Viscose rayon yarn 100 denier, 2-fold 150 and 2-fold 100 in white and colored as well as 75 and 60 deniers white and colored and polar white or optical white 100 denier and 75 denier, all on cones; nylon and spun nylon yarn and spun rayon yarn known as Polynosic yarn. Amalgamated Trades, Ltd. (importer), 18-1/1 Baillie St., Fort, Colombo. WTD 12/14/65.

All types of waste material resulting from the production of nylon fabric; requests replies in French. Paul Carbon (importer, dealer), 24 Rue Charles Quint, Roubaix 59. WTD in preparation.

229 Textile goods

FRANCE—Haberdashery articles including laces; requests replies in French; direct purchase and agency. Plihal & Cie (importer, dealer), 50 Rue des Marais, Paris 10. WTD 9/8/64.

KENYA—Curtain fabrics, all kinds. E. Bolgar, Manager Textiles, Twentsche Overseas Trading Co. Ltd. (importer, wholesaler, indenter), P.O. Box 30038, Nairobi. WTD 9/24/65.

230 Apparel

ETHIOPIA—Men's and women's sports clothing: outerwear of all types. Requests replies with c.i.f. Assab or Djibouti price quotations. Direct purchase and/or agency. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

232 Men's, youths', boys' furnishing

ETHIOPIA—Men's, youths', boys' underwear: shirts, including polo and sports styles nightwear, made from purchased woven or knit fabric. Requests full details, prices, terms, samples. Direct purchase and agency. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

233 Women's, misses', juniors' outerwear

ETHIOPIA—Women's, misses' sports clothing: skirts, blouses, jackets, pants, new-look styles, fancy sports articles. Direct purchase and agency. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

FRANCE—Women's and misses' slacks (town, sport), de luxe quality; requests replies in French. Sport-Jeune (manufacturer), 103 Rue Reaumur, Paris 2. WTD in preparation.

238 Apparel, accessories

AUSTRALIA—Ladies' scarves, collars, neckwear, stoles. H. S. Kent Pty. Ltd. (importer, manufacturer, wholesaler), 167 Flinders Lane, Melbourne, Victoria. WTD 11/12/65.

242 Sawmills, planing mills

AUSTRIA—Hardwood flooring and parquetry, direct import or agency; requests replies in German. Ing. Kurt Rauch (wholesaler, agent), Doeblinger Hauptstrasse 79/12, Vienna 19. WTD 12/16/65.

251 Household furniture

AUSTRIA—Wooden furniture, preferably small items; nursery furniture, novelty home decorating articles; requests replies in German; direct purchase and agency. Josef Erlach (importer, agent), Strasswalchen/Salzburg, 257. WTD 12/15/65.

FRANCE—Small ornament furniture for home decoration, to be sold as gift articles and as executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois-Visages, 62 Arras. WTD 10/23/64.

252 Office furniture

ETHIOPIA—Tables, office machine, with retractable casters, metal or wood construction. Quotations desired on inexpensive models, either with or without drop leaves. Descriptive literature and price lists requested. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

SPAIN—Metal office furniture including tables, filing cabinets, card filing systems, which can be easily taken apart and assembled together in Spain after importation. Direct purchase and agency desired. Perfiles Desmontables, S.L. (manufacturer, importer, wholesaler, retailer), Gardoqui 5, Primero, Bilbao. WTD 12/15/65.

254 Partitions, shelving, lockers, office, store fixtures

SPAIN—Adequate equipment for installation in warehouses and stores including metal partitions, shelving, lockers, and office and store fixtures; direct purchase and agency desired. Perfiles Desmontables, S.L. (manufacturer, importer, wholesaler, retailer), Gardoqui 5, primero, Bilbao. WTD 12/15/65.

261 Pulp mills, products

● **CEYLON**—2,400 tons of bleached sulphite pulp. Bid deadline Jan. 18. K. C. Thangarajah, Chairman, Eastern Paper Mills Corp., 70 York St., Colombo 1.★ (Telephone: 202-WO 7-3003).

262 Paper mills, products

● **IRAN**—160,600 bobbins of cigarette paper, various sizes and quantities, white color, 20.5 grams per square meter. Bid deadline Feb. 21. The Iranian Tobacco Monopoly, Ghazvin Ave., Teheran.★ (Telephone: 202-WO 7-3003).

264 Converted paper, paperboard products

● **IRAN**—31,600 bobbins of cellulosic film, 34 grams per square meter, total length of film on each bobbin 1,600 meters; 6,350 spools of tape for cigarette packages, various colors, 2 mm wide, total length of tape on each spool, 8,000 meters. Bid deadline Feb. 28. The Iranian Tobacco Monopoly, Teheran.★ (Telephone: 202-WO 7-3003).

273 Books

FRANCE—Scientific and technical books, all kinds. S.A. Gauthier Villars (editors), 55 Quai des Grands Augustins, Paris 6. WTD in preparation.

281 Industrial chemicals

DENMARK—Industrial and heavy chemicals, industrial salts, plastics materials; direct purchase and agency. Hubert Christensen (importing wholesaler), 67 Hellerupvej, Hellerup. WTD 12/6/65.

SPAIN—Price quotations and terms desired on inorganic and organic pigments for manufacture of paints and enamels, especially titanium dioxide and more particularly rutile. Julio Cano Martinez—Fabrica de Pinturas (manufacturer, importer, wholesaler), Gordoniz 48 (Pabellones), Bilbao. WTD 12/14/65.

ZAMBIA—Cyclic organic intermediates, dyes, color lakes and toners including derivatives of benzene, toluene, naphthalene, anthracene, pyridine, carbozole and other cyclic chemical products. Baird & Tatlock (London) (In Central Africa) Ltd., P.O. Box 1097, Ndola. WTD 10/5/65.

283 Drugs

● **CEYLON**—Oral magnesium chloride stabilized liquid Trivalent polio vaccine; each dose to contain each of the Virus Types I, II and III at a titre of 105.3 TC.D 50, of standard meeting W.H.O. specifications; 500,000 doses, in reupper capped vials of 10 doses each. Bid deadline Feb. 22. Department of Health, Director of Health Services (Supplies), No. 355 Deans Rd., Colombo 10.★ (Telephone: 202-WO 7-3394).

● Pharmaceutical preparations, 14 items, mostly in tablet form, as follows: diloxanide furoate B.P. 0.5 gm, 200,000 tablets, ephedrine hydrochloride B.P., 20 million tablets; chlorphen-

iramine maleate B.P., 4 million tablets; digoxin B.P. 0.25 mgm each, 4 million tablets; piperazine adipate B.P., 4 million tablets; prednisolone B.P., 3,600,000 tablets; diethylcarbamazine citrate B.P., 20 million tablets; phenylbutazone B.P., 2 million tablets; iodochlorhydroxyquin U.S.P., 16 million tablets; mercaptopruine B.P., 6,000 tablets; ergometrine maleate B.P., 1 million tablets; dexamethasone B.P., 200,000 tablets; tetracycline hydrochloride oral suspension, 1,500 fl. lbs.; syrup phenoxymethyl pencillin, 1,500 fl. lbs. Bid deadline Jan. 25. Department of Health, Director of Health Services (Supplies), 355 Deans Rd., Colombo 10.★ (Telephone: 202-WO 7-3394).

ETHIOPIA—Pharmaceutical medicines: proprietary medicines, antibiotics, ethical drugs. Direct purchase and agency. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

AUSTRIA—Floor cleaning and maintenance agents; direct purchase or agency; requests replies in German. Ing. Kurt Rauch (wholesaler, agent), Doeblinger Hauptstrasse 79/12, Vienna 19. WTD 12/16/65.

DENMARK—Wetting agents, emulsifiers, penetrants; specialty cleaning, polishing, sanitation preparations; direct purchase and agency. Hubert Christensen (importing wholesaler), 67 Hellerupvej, Hellerup. WTD 12/6/65.

ETHIOPIA—Toiletries and cosmetics, all kinds; floor polishers, wax removers, chemical compounds, agents and detergents for large kitchens, schools, similar institutions. Direct purchase and agency. Requests price quotations cif Assab or Djibouti. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

FRANCE—Siliceous earth, sea shingles, magnesian limestone powder; direct purchase and agency; requests replies in French. Societe Bretonne de Produits Chimiques et Pharmaceutiques "SOBREP" (importer, dealer), 24 Rue Murillo, Paris 8e. WTD in preparation.

285 Paints, varnishes, lacquers, enamels

FRANCE—Barium sulfate (paint quality); requests replies in French; direct purchase and agency. Societe Bretonne de Produits Chimiques et Pharmaceutiques "SOBREP" (importer, dealer), 24 Rue Murillo, Paris 8e. WTD in preparation.

286 Gum, wood chemicals

SPAIN—Wood and linseed oils for manufacture of paints and enamels; requests quotations and terms. Julio Cano Martinez—Fabrica de Pinturas (manufacturer, importer, wholesaler), Gordoniz 48 (Pabellones), Bilbao. WTD 12/14/65.

287 Agricultural chemicals

● **IRAN**—Granulated triple superphosphate 2,500 metric tons, ammonium phosphate 4,000 tons, potassium sulfate 1,500 tons. Tender No. 9826, bid deadline Feb. 12. Bongah Shimiai, 30 Dameshgh St., Ebtehaj Ave., Tehran. (Affiliated with Iranian Ministry of Agriculture).★ (Telephone: 202-WO 7-3465).

289 Chemical products

FRANCE—Essential oils: attar of roses and myrtle; wine processing product, for use as clarifier; chemical foundry supplies: American bentonites, founder's black, bismuth for malleable castings; direct purchase and agency; requests replies in French. Societe Bretonne de Produits Chimiques et Pharmaceutiques "SOBREP" (importer, dealer), 24 Rue Murillo, Paris 8e. WTD in preparation.

307 Plastic products

AUSTRALIA—Self-adhesive clear cellulose sheeting, preferably in 72 yd. rolls, 18-20" wide, with 3" cardboard cores. The David Engineering Co. (importer, wholesaler), 114 Moor St., Fitzroy, Victoria. WTD in preparation.

AUSTRIA—Plastic flooring, in sheets and tiles; direct import or agency; requests replies in German. Ing. Kurt Rauch (wholesaler, agent), Doeblinger Hauptstrasse 79/12, Vienna 19. WTD 12/16/65.

FRANCE—Plastic tableware and kitchenware, modern designs, to be sold as gift articles and as executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois Visages—62 Arras. WTD 10/23/64.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

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311 Leather tanning, finishing

GERMANY—Any kind of leather suitable for leather clothing. Manufacturer requests price quotations. Berolina Leder-Sport-Wetterkleidung Paul Bugiel KG (manufacturer), 182 Kurfurstendamm, 1 Berlin 15. WTD 12/13/65.

316 Luggage

FRANCE—Leather goods including cases; direct purchase and agency; requests replies in French. Plihal & Cie (importer, dealer), 50 Rue des Marais, 10. WTD 9/8/64.

317 Handbags, personal leather goods

FRANCE—Jewelry cases, fancy patterns, to be sold as gift articles and as executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois-Visages, 62 Arras. WTD 10/23/64.

319 Leather goods

FRANCE—Leather goods, including desk articles; direct purchase and agency; requests replies in French. Plihal & Cie (importer, dealer), 50 Rue des Marais, Paris 10. WTD 9/8/64.

Leather desk articles, to be sold as gift articles and as executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois-Visages, 62 Arras. WTD 10/23/64.

322 Glass, glassware

FRANCE—Ornamental glass tableware, including pressed glass ashtrays, also pressed glass ashtrays for desk; direct purchase and agency; requests replies in French. Ets. Chaumette (importer, dealer), 8 Rue du Paradis, Paris 10. WTD 2/4/65.

Ornamental glass tableware to be sold as gift articles and as executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois-Visages, 62 Arras. WTD 10/23/64.

326 Pottery, related products

AUSTRALIA—Melamine dinnerware. Americana Ware Pty. Ltd. (retailer), 537 Sandgate Rd., Clayfield, Brisbane, Queensland. WTD 12/14/65.

FRANCE—Household tableware, china or earthenware; direct purchase and agency; requests replies in French. Ets. Chaumette (importer, dealer), 8 Rue de Paradis, Paris 10. WTD 2/4/65.

Household tableware, china or earthenware, to be sold as gift articles and executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois-Visages, 62 Arras. WTD 10/23/64.

VENEZUELA—Florists' articles in general. Eliben, C.A. (importer, wholesaler), Aptdo. 4509, Chacao, Caracas, Edificio El Saman, Local A y B, Avenida Principal de Horizonte, Caracas. WTD 11/26/65.

329 Abrasive, asbestos, nonmetallic mineral products

PERU—Acoustical ceiling tiles, other acoustical materials; direct purchase and agency; requests replies in Spanish. Pflucker Hnos. S.A. (importer, wholesaler, agent), Aptdo. 1743, Lima. WTD in preparation.

331 Steel mill products

● **BURMA**—1,500 tons of sheet bars, 250 mm x 14.5 mm x 960 mm, 1,500 tons of billets, 105 mm x 105 mm x 1330 mm. Tender Nos. Q/8/SM-RAW/9/13 and Q/7/SM-RAW/3/8, bid deadline Jan. 18. General Manager, Steel Mill, Ywama, Insein.★ (Telephone: 202-WO 7-2363).

● 225 tons of angles, bars and plates; 300 sheets 8' x 4' x 1/16" & 3/32"; 50 galv. sheets 8' x 4' x 1/8" and 300 galv. sheets 8' x 4' x 22 ga. Tender No. 4(T)/MCY-BR/(65-66), bid deadline Jan. 26. The Chairman, Union of Burma Railway Board, Bogyoke Aung San St., Rangoon.★ (Telephone: 202-WO 7-2363).

FRANCE—Office supplies including staples; requests replies in French; direct purchase and agency. Plihal & Cie (importer, dealer), 50 Rue des Marais, Paris 10. WTD 9/8/64.

● **GREECE**—20,500 metric tons of 50.18 kgs. per meter rails; 24,650 m.t. of steel ties, 2360 m.t. of tie plates. Tender No. B/872/65, bid deadline Feb. 5. Ministry of Commerce, State Purchases Directorate "B", 50 Socratous St., Athens.★ (Telephone: 202-WO 7-2363).

● **INDIA**—Iron, electro-magnetic: Stalloy or Armco or other similar. Quantity required, about 35,500 lbs. of rounds, flats, sheets. Tender No. SV-4/50621-P/TEC, bid deadline Jan. 28. Director General of Supplies & Disposals, National Insurance Bldg., Parliament St., New Delhi. Tender documents avaliable from India Supply Mission (Ref. No. D/ENQ/1940), 2536 Massachusetts Ave. NW., Washington, D.C. 20008. Tender fee (not refundable) $1.25 each, payable in advance.

● **IRAN**—Sheets, corrugated: 2,000 pcs. 1.0 mm. x 1 m. x 2 m., 500 pcs. 0.75 mm. x 1 m. x 2 m. and 500 pcs. 0.50 mm. x 1 m. x 2 m.

Tender for Supply of Wavy White Iron, bid deadline Feb. 14. Iranian Tobacco Monopoly, Ghazvin Ave., Tehran.★ (Telephone: 202-WO 7-2363).

● 4,000 meters of 12" seamless steel pipe and fittings; 23,000 meters of galvanized pipe and fittings, size range 3" to 6". Tender No. 44/1581, bid deadline March 2. Iranian State Railways, Maydane Rah Ahan, Tehran. Copy of tender documents may be examined in Rm. 4222, Iron & Steel Division, Department of Commerce, Washington, D.C. 20230.

● 79 tons of steel ties; 278 tons of clips; 285 tons of bolts and nuts. Tender No. 44/1414, 1367/1379A, bid deadline Feb. 21. Iranian State Railways, Maydane Rah Ahan, Tehran. Copy of tender documents, including drawings in French, may be examined in Rm. 4222, Iron & Steel Division, Department of Commerce, Washington, D.C. 20230.

● Track accessories: 764 tons of joint bars; 77,800 kgs. of bolts and nuts; 11,200 kgs. of spring washers. Tender No. 44/1414, 1367, 1379, bid deadline Feb. 20. Iranian State Railways, Maydane Rah Ahan, Tehran. Copy of tender documents, including drawings in French, may be examined in Rm. 4222, Iron & Steel Division, Department of Commerce, Washington, D.C. 20230.

● Railway ties, steel: 8,064 tons required. Tender No. 44/1370, 1412, 1364, bid deadline Feb. 5. Iranian State Railways, Maydane Rah Ahan, Tehran. Copy of tender documents, including drawings in French, may be examined in Rm. 4222, Iron & Steel Division, Department of Commerce. Washington, D.C. 20230.

● 1,614 tons of tie plates; 507 tons of screw spikes. Tender No. 44/1444, 1379B, bid deadline Feb. 22. Iranian State Railways, Maydane Rah Ahan, Tehran. Copy of tender documents, including drawings in French, may be examined in Rm. 4222, Iron & Steel Division, Department of Commerce, Washington, D.C. 20230.

● **NEW ZEALAND**—Mild steel plates, about 370 tons, size range 6′ x 36″ x ⅛″ to 8′ x 48″ x 1⅛″. Tender No. 65/517, bid deadline Feb. 9. Comptroller of Stores, New Zealand Railways, Private Bag, Wellington. Copies of tender documents available from New Zealand Senior Trade Commissioner in the U.S.A., 1145 19th St. NW., Washington, D.C. 20036.

342 Cutlery, hand tools, general hardware

PERU—Tools, general hardware, low to medium quality; flat, table, kitchenware, low quality; requests replies in Spanish. First Mercantil S.A. (importer, wholesaler, retailer), Aptdo. 5786, Lima. WTD 12/15/65.

Builders' hardware, all kinds including locks, lock sets, decorative items; direct purchase and agency; requests replies in Spanish. Pflucker Hnos. S.A. (importer, wholesaler, agent), Aptdo. 1743, Lima. WTD in preparation.

343 Heating apparatus, plumbing fixtures

PERU—Plumbing fittings, fixtures; direct purchase and agency; requests replies in Spanish. Pflucker Hnos. S.A. (importer, wholesaler, agent), Aptdo. 1743, Lima. WTD in preparation.

348 Fabricated wire products

FRANCE—Office supplies including paper clips; requests replies in French; direct purchase and agency. Plihal & Cie (importer, dealer), 50 Rue des Marais, Paris 10. WTD 9/8/64.

349 Fabricated metal products

● **CEYLON**—Supply of steel safes, fire resistant and insulated. Bid deadline Jan. 20. The General Manager, Cooperative Wholesale Establishment, P.O. Box 990, Colombo.★ (Telephone: 202-WO 7-2939).

NETHERLANDS—Operational and control valves for hydraulic installations. Exclusive representation requested. Pompenfabriek Veenendaal N.V. (manufacturer, importer, sales agent), 6 Smalle Zijde, Veenendaal. WTD 12/8/65.

351 Engines, turbines

AUSTRALIA—Small gasoline engines suitable for fitting to ordinary bicycles as an aid to pedaling. Overseas Business Associates Pty. Ltd. (importer, exporter, manufacturer), 161 Fitzroy St., St. Kilda, S.2, Melbourne, Victoria. WTD 8/20/65.

353 Construction, mining, materials handling machinery

● **BURMA**—27 concrete mixers, 10/7 cu. ft., non-tilting, diesel powered, 4 wheel pneumatic tire mounted; 4 concrete mixers, 7/5 cu. ft. tilting drum, diesel powered, 4 wheel pneumatic tire mounted; 22 concrete mixers, tilting drum, diesel or gasoline powered, 2 wheel pneumatic tire mounted; 20 dumpers, 3 cu. yd. capacity, 60 hp. minimum diesel power; 2 frog rammers, approx. weight 1,200 lb. each, include suitable trailer for transporting rammer; 6 self-propelled pneumatic tired compactors, diesel power approx. 57 hp.; 6 towed type sheepfoot rollers, approx. 96 ft. per drum, empty weight 19,500 lb.; 10 air compressors, portable, 250 c.f.m. @ 120 p.s.i., 2 stage driven by 4 cycle diesel engine; 21 air compressors, portable, 120 c.f.m. @ 120 p.s.i., 2 stage driven by 4 cycle diesel engine. These items require a number of attachments and estimated two-year supply of repair parts for each. Tender No. E.X.(T) MCY-PWC/65/66, bid deadline Feb. 15. Director of Engineers, Public Works Corp., 60 Shwedagon Pagoda Rd., Rangoon.★ (Telephone: 202-WO 7-5566).

● **CEYLON**—10 tracklaying tractors, approximately 60 hp., 6 equipped with dozer blades, 2 equipped with bucket scrapers; 2 motor graders, approximately 100 hp., 60 hydraulic operated loaders mounted on wheel tractors and 2 loaders mounted on tracklaying tractors of approximately 80 hp. for loading cane; 100 cane trailers, 5-ton capacity; 10 agricultural type wheel tractors, 80-90 hp.; 45 agricultural type wheel tractors, 55 hp.; 6 power weedicide sprayers; 8 sugar cane planters; 7 implements for cane cultivation, 4 pickup vans, 8 passenger. Each of these items requires an estimated 2-year supply of spare parts. Tender No. S-T-1, bid deadline Jan. 21. The Chairman, Tender Board, River Valleys Development Board, Amparai.★ (Telephone: 202-WO 7-5566).

FRANCE—Mechanical shovels, motorized scrapers. L'Equipment Mecanique (manufacturer), 49 Blvd. Pereire, Paris 17. WTD 8/7/64.

● **INDIA**—2 jumbo drills complete with spare drill booms with fittings and cylinders, spare drill and spare parts. Tender No. BSE-642, bid deadline Feb. 4. National Mineral Development Corp. Ltd., Faridabad. Documents available from India Supply Mission, 2536 Massachusetts Ave. NW., Washington ,D.C. 20008.

● **UAR**—140 trenching machines capable of digging width of 20-30 CM. X depth of 2.00 MS., twin diesel drives; 64 tractor shovel-loaders, track type, approx. 35 hp. diesel; 590 trailers of 5 ton capacity; 9 trailers of 20 ton capacity; 260 truck-tractors of 40 hp. to pull 5 ton trailers; 7 truck-tractors of 70 hp. to pull 20 ton trailers; 20 ditchers, diesel powered, to cut trapezoidal channel ½:1 slope; 10 high pressure jetting units for flushing and cleaning pipes; 70 pipe making machines to produce 4" and 5" x 12" long pipe; 20 pipe making machines to produce 8, 10, 12 and 14" x 40" long pipe; 20 mobile mounted workshops; detailed lists of spare parts. Delivery of above distributed over an estimated 3 year program. Quotations to Ministry of Irrigation, Cairo, with copy to Embassy of the United Arab Republic (Ref. 204-24-2), Commercial Office, 2215 Wyoming Ave. NW., Washington, D.C. 20008.★ (Telephone: 202-WO 7-5566).

● Three mobile carrier mounted power cranes (6 x 6) 15 ton capacity, GM diesel engine preferred; 2 mobile carrier mounted power cranes (6 x 6) 25 ton capacity, GM diesel engine preferred; semi-trailer, 30 ton capacity, to be pulled by Kenworth No. 853 tractor. Send quotation to Egyptian General Organization for Desert Reclamation, 70 Gomhouria St., Cairo, and a copy to Embassy of the United Arab Republic (Reference 204-24-5), Commercial Office, 2215 Wyoming Ave. NW., Washington, D.C. 20008.★ (Telephone: 202-WO 7-5566).

354 Metalworking machinery

FRANCE—Nailing machines, hand operated or pneumatic; direct purchase and agency. J. Leichnam (manufacturer, agent, wholesaler), 87 Rue de la Ferme Falk, Haguenau (Bas-Rhin). WTD 4/29/64.

PERU—Moulds, machinery to manufacture metal washers; requests replies in Spanish. Transformacion de Materiales S.A. (manufacturer), Jiron Ramon Carcamo 660, Lima. WTD in preparation.

VENEZUELA—Maintenance equipment in general for cars and trucks. Repuestos Eterna, S.R.L. (importer), Calle El Loro, Quinta Crespo, Caracas. WTD 2/1/65.

355 Special industry machinery

AUSTRALIA—Tanning-machinery and materials; direct purchase and agency. Michaelis, Hallenstein & Co. Pty. Ltd. (manufacturer), 150 Buckhurst St., South Melbourne, S.C.5, Victoria. WTD 11/12/65.

BRAZIL—Circular knitting machines. Malharia Vencedor Ltda. (knitting mill), Rua Aristides Lobo 144, Rio de Janeiro ZC-10, Estado da Guanabara. WTD 12/17/65.

HONG KONG—Supply of machinery and materials for manufacturing safety helmets made of reinforced fiberglass. Industrial Engineers, Ltd. (importer, exporter, retailer), 636 Alexandra House, Hong Kong. WTD 12/2/65.

IRELAND—Quick freezing equipment (employing cryogenics as principle) with an output of 1000 lbs. per hour. Batchelors Ltd. (food processor), P.O. Box 88, Cabra West, Dublin 7. WTD 12/17/65.

PERU—Poultry abattoir, including packing and freezing facilities; capacity 1,500 chickens/hour first 3 years, expansion up to 9,000 chickens/hour future years; requests proposals and full details for supplying equipment, technical assistance to set up plant; requests replies in

Spanish. Dr. Mario A. Valdez Sivirichi, Sub-Gerente, Corporacion Nacional de Abastecimientos del Peru (government entity), Jiron Chincha 226, 4° piso, Lima.

SPAIN—American machine which is expected to supersede present machines for making carpet brushes. New machine directly injects bristles or yarns into plastic material, then cuts bristles or yarns to determined sizes. Pinera Hermanos, S.L. (manufacturer), Aptdo. de Correos 137, Cieza (Murcia). WTD 12/14/65.

356 General industrial machinery

ITALY—High frequency induction heating apparatus; high frequency dielectric heating apparatus; high frequency electronic preheating apparatus for plastic materials; magnetons electronic preheating apparatus. AETRON, Apparecchiature Elettroniche (agent), Via De Cristoforis 10, Milan. WTD 10/26/64.

357 Office, computing, accounting machines

FRANCE—Scotch tape dispensers, golden metal or leather covered, for desk, to be sold as gift articles and as executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois-Visages, 62 Arras. WTD 10/23/64.

Scotch tape dispensers, metal or leather covered, for desk; requests replies in French; direct purchase and agency. Plihal & Cie (importer, dealer), 50 Rue des Marais, Paris 10. WTD 9/8/64.

Office supplies including stapling machines, pencil sharpeners, scales; direct purchase and agency; request replies in French. Plihal & Cie (importer, dealer), 50 Rue des Marais, Paris 10. WTD 9/8/64.

358 Service industry machines

SPAIN—Coin operated vending machines and dispensers for hot and cold beverages, food, etc.; direct purchase and agency. Perfiles Desmontables, S.L. (manufacturer, importer, wholesaler, retailer), Gardoqui 5, primero, Bilbao. WTD 12/15/65.

361 Electric transmission, distribution equipment

ITALY—Apparatus for testing engine vibrations, continuous controls for diesel marine engines, industrial digital voltmeters. AETRON—Applicazioni Elettroniche (agent), Via De Cristoforis 10, Milan. WTD 10/26/64.

● **NEW ZEALAND**—Supply of four 30 MVA 110/33 kv transformer banks and three spare units for Waiuku, Bombay and Waihou substations. Contract No. 484, bid deadline Feb. 8. The Secretary, Tenders Committee, New Zealand Electricity Dept., Wellington.★ (Telephone: 202-WO 7-4241).

● Supply of one 20 MVA or 15 MVA 50/33 kv transformer bank and spare unit for Waikino substation. Contract No. 485, bid deadline March 15. The Secretary, Tenders Committee, New Zealand Electricity Dept., Wellington.★ (Telephone: 202-WO 7-4241).

● **THAILAND**—Supply of 5 items of KVAR Demand Register Meter—service meter type for bottom-connected (estimated value of transaction, over $10,000). Tender No. MEA-PSD-031, bid deadline Jan. 19. Procurement Section, Metropolitan Electricity Authority, Chakraphet Rd., Bangkok.★ (Telephone: 202-WO 7-2776).

● **TRINIDAD, W.I.**—Supply two 12.5 MVA 66/12 kv transformers and 33 kv underground cable. Bid deadline Feb. 10. The Purchasing Officer, Trinidad & Tobago Electricity Commission, 63 Frederick St., Port of Spain.

363 Household appliances

BRAZIL—Sewing machines for knitting industry. Malharia Vencedor Ltda. (knitting mill), Rua Aristides Lobo 144, Rio de Janeiro ZC-10, Estado da Guanabara. WTD 12/17/65.

ITALY—Spring motors for barbecues. Sandri—Costruzioni Speciali (manufacturer), Via Ca' Diedo 250, Rosa' (Vicenza). WTD 8/27/65.

THAILAND—Supply of various commercial electrical appliances suitable for hotels and restaurants, including ice cube maker, coffeemaker, jet-spray type drink dispenser, dishwashing machine, food mixer, toaster, grill, water heater. Quotation, illustrated catalogs, with full particulars requested. Sakolphan Co., Ltd., 294/9-10 Phyathai Rd., Bangkok. WTD 1/5/65.

364 Electric lighting, wiring equipment

FRANCE—Small lamps for home decoration, to be sold as gift articles and as executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois Visages, 62 Arras. WTD 10/23/64.

366 Communication equipment

PERU—Intercommunication systems, electrical; direct purchase and agency; requests replies in Spanish. Pflucker Hnos. S.A. (importer, wholesaler, agent), Aptdo. 1743, Lima. WTD in preparation.

367 Electronic components, accessories

FRANCE—Electrostatic reproduction machines; direct purchase and agency; requests replies in French. Parco S.A. (importer, dealer), 111 Rue de Longchamp, Paris 16. WTD 8/28/64.

GERMANY—Radar equipment: transmitters, receivers, indicators and antennas. Requests quotations cif European ports; direct purchase and agency. T.I.G. Technische Industrieprodukte GmbH (importer, wholesaler, sales agent), 66-70 Herderstrasse, 5 Koeln-Lindenthal. WTD 12/14/65.

Electronic components, such as capacitors, connectors, resistors, semiconductors, switches, tubes, communication antennas, and test and measuring equipment. Requests price quotations. Direct purchase and agency. Hermann Kaets (importer, wholesaler), 17 Niedstrasse, 1 Berlin 41. WTD 8/20/65.

374 Railroad equipment

● **NEW ZEALAND**—Supply of 400 Class "ZP" freight cars for New Zealand Government Railways. Tender No. S.65/682, bid deadline Feb. 23. Financing arrangements not specified. Comptroller of Stores, New Zealand Government Railways, Private Bag, Wellington. Tender documents obtainable from above address or from the High Commissioner for New Zealand, Haymarket, London, England.

● **THAILAND**—Supply of 13 all-steel air-conditioned railway passenger cars, including 7 sleeping cars and 1 reserved saloon, for meter gauge track, for State Railway of Thailand. Tender No. SP-5/2508, bid deadline March 1. No details on financing given. Tender documents may be purchased for $25 each from the Procurement Section, State Railway of Thailand, Krungkasem Rd., Yod-Se, Bangkok. Copy of specifications and drawings may be reviewed only in the Transportation Equipment Division, BDSA-6340, Department of Commerce, Rm. 4314, Washington, D.C. 20230.

381 Engineering, laboratory, scientific, research instruments

ZAMBIA—Engineering, laboratory, scientific, research instruments, associated equipment; nautical, navigational, aeronautical, drafting and surveying. Baird & Tatlock (London) Ltd., (In Central Africa), P.O. Box 1097, Ndola. WTD 10/5/65.

382 Instruments for measuring, controlling, indicating physical characteristics

ITALY—Electric and digital transducers for indicating vibrations, pression, acceleration, displacement, rotation. Aetron, Applicazioni Elettroniche (agent), Via De Cristoforis 10, Milan. WTD 10/26/64.

384 Surgical, medical, dental instruments, safety devices

FRANCE—Zippers, straps, safety belts, other textile accessories for cars. Direct purchase and agency; requests replies in French. Ets. Lambin et Ravau (manufacturer, wholesaler), 2 Place du Chateau, Comines (Nord). WTD 5/27/64.

386 Photographic equipment

● **IRAQ**—Supply of one film processing machine, 35-mm. and 16-mm., black and white film, with accessories including storage and mixing tanks, pumps, water cooling device, and air-conditioning system. Tender No. INQ/65/MISC/20, bid deadline Jan. 29. Directorate of Contracts & Purchases, Ministry of Defense, Baghdad.★ (Telephone: 202-WO 7-2939).

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391 Jewelry, silverware, plated ware

FRANCE—Stainless or silver plated flatware to be sold as gift articles and as executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois-Visages, 62 Arras. WTD 10/23/64.

Stainless steel or silver plated flatware; direct purchase and agency; requests replies in French. Ets. Chaumette (importer, dealer), 8 Rue de Paradis, Paris 10. WTD 2/4/65.

394 Toys, Amusement, sporting goods

AUSTRALIA—Sporting goods; toys; all kinds; direct purchase and agency. Michaelis, Hallenstein & Co. Pty. Ltd. (importer, manufacturer, wholesaler), 150 Buckhurst St., South Melbourne, S.C.5, Victoria. WTD 11/12/65.

ETHIOPIA—Toys, construction sets, toy kits, hobbyist construction kits. Fishing tackle: hooks, rods, reels, artificial lures, gun cases (sporting equipment for hunting), cartridge belts, sporting type of all materials. Direct pur-

chase and agency. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

VENEZUELA—Toys in general; mechanical; windup and stuffed. Eliben, C.A. (importer, wholesaler), Aptdo. 4509 Chacao, Caracas. Edificio El Saman, Local A y B, Avenida Principal de Horizonte, Caracas. WTD 11/26/65.

395 Pens, pencils, office, artists materials

ETHIOPIA—Pens, pencils, marking devices, carbon paper, other office and stationery store supplies. Direct purchase and agency. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

FRANCE—Office and school supplies including pencils and pens, all kinds; requests replies in French; direct purchase and agency. Plihal & Cie (importer, dealer), 50 Rue des Marais, Paris 10. WTD 9/8/64.

396 Costume jewelry, novelties, buttons, notions

AUSTRALIA—Costume jewelry, all kinds, gift lines; other giftware. Americana Ware Pty. Ltd. (retailer), 537 Sandgate Rd., Clayfield, Brisbane, Queensland. WTD 12/14/65.

ETHIOPIA—Costume jewelry: costume novelties and ornaments made of all materials, except precious metal and stones. Cuff links, tie pins, cigarette cases and lighters, other items in fancy goods range. Direct purchase and agency. Tecleab Mazenghia (sales agent), P.O. Box 425, Addis Ababa. WTD 10/22/65.

FRANCE—Needles (hand or machine sewing), pins (safety and others), zippers, fasteners, etc.; requests replies in French; direct purchase and agency. Plihal & Cie (importer, dealer), 50 Rue des Marais, Paris 10. WTD 9/8/64.

Fancy jewelry articles, all kinds, for sale as gift items; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois-Visages, 62 Arras. WTD 10/23/64.

PERU—Notions, dry goods, low quality, inexpensive; requests replies in Spanish. First Mercantil S.A. (importer, wholesaler, retailer), Aptdo. 5786, Lima. WTD 12/15/65.

399 Manufacturing industries

AUSTRIA—Small novelty home decorating articles, gift and decorative accessory items; requests replies in German; direct purchase and agency. Josef Erlach (importer, agent), Strasswalchen/Salzburg 257. WTD 12/15/65.

BELGIUM—Road signaling equipment, metal, porcelain, all kinds. Direct purchase and/or agency for Europe. International Brake and Rectifier Co. (manufacturer, agent), 6 Rue des Anciens Etangs, Brussels. WTD 12/8/65.

FRANCE—Ashtrays, for desk and home decoration, to be sold as gift articles and as executive gifts; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois Visages, 62 Arras. WTD 10/23/64.

Perfume atomizers; requests replies in French. Ets. Charles Warin (importer, wholesaler), 70 Rue des Trois-Visages, 62 Arras. WTD 10/23/64.

● **HONG KONG**—Supply of 800 water-CO_2 gas type fire extinguishers and 250 foam-dual seal type fire extinguishers, uncharged, all of two imperial gallons each. Tender No. C/52/105/66, bid deadline Jan. 20. Controller of Stores, Stores Dept., Oil St., North Point, Hong Kong.★ (Telephone: 202-WO 7-2939).

505 Farm products

AUSTRIA—Wool, cow and calf hair as used in felt production, new and used wool and cotton rags, as well as man-made fiber waste; direct import or on commission. Albert Hannemann (importer), Laurenzerberg 1, Vienna 1. WTD 12/15/65.

International Representation

The firms listed below are interested in representing U.S. firms in the areas indicated. Exclusive distributorship for these commodities is wanted only if specified.

228 Yarn, thread mills products

PAKISTAN—Yarn, worsted woolen. Requests quotations c&f Karachi. Shezan Trading Co. (manufacturer's agent), P.O. Box 5234, G/2 Nensi Gopalji Trust Bldg., Kutchi Gali No. 2, Marriot Rd., Karachi 2. WTD 2/16/65.

229 Textile goods

FRANCE—Synthetic materials, fabrics, textiles of all categories for upholstery trade and furniture industry. Agency and distributorship for France or section thereof; requests replies in French. Jacques Marchesseau (Cedita) (sales agent), 14 Cours de la Marne, 33 Bordeaux, Gironde. WTD 12/20/65.

282 Synthetic materials

PAKISTAN—Cellulose acetate, crystal and colors. Celluloid sheets. Sheets, cellulose acetate, for spectacle frames and linings. Requests quotations c&f Karachi. Shezan Trading Co. (manufacturer's agent), P.O. Box 5234, G/2 Nensi Gopalji Trust Bldg., Kutchi Gali No. 2, Marriot Rd., Karachi 2. WTD 2/16/65.

289 Chemical products

ITALY—Waterproof insulating coatings for building construction. Impresa Colorificio Pinciara (importer, manufacturer), Via Bernardino Verro 26/6, Milan. WTD 9/16/65.

323 Glass products

ITALY—Reflecting glass beads for manufacture of luminescent paint. Impresa Colorificio Pinciara (importer, manufacturer), Via Bernardino Verro, 26/6, Milan. WTD 9/16/65.

342 Cutlery, hand tools, general hardware

PERU—General hardware, exclusive only. Representaciones Saizo Nagasaki S.A. (representative), Jr. Cuzco 610, of. 302-305, Lima. WTD in preparation.

VENEZUELA—Hand and edge tools for metalworking, woodworking, general maintenance; general hardware. Felix Kalwil—Representaciones (sales agent), Edificio Galipan, Oficina A-4-A, Avenida Francisco de Miranda, El Rosal, Caracas. WTD 11/24/65.

343 Heating apparatus, plumbing fixtures

PAKISTAN—Boilers, low pressure, heating, steam or hot water. Requests catalogs and quotations c&f Karachi. Equipments International (manufacturer's agent), 50 Idrees Chambers, Wood St., Karachi. WTD 12/6/65.

344 Fabricated structural metal products

PAKISTAN—Boilers, low and high pressure: steam and hot water boilers, for use in industries (ASTM specifications). Requests quotations c&f Karachi. Thermec Engineering Co. (manufacturer's agent), 8 Bambino Chambers, Garden Rd., Karachi 3. WTD 12/3/65.

349 Fabricated metal products

BELGIUM—All kinds of marine valves and accessories. S.A. Entreprises Emeric Kroch (importer, wholesaler, manufacturer), 13 Chaussee de Louvain, Woluwe-Saint-Etienne. WTD 12/14/65.

Metal scaffolds not requiring use of screws. Georges Marchant (agent), 10 Rue Sergent Delisse, Bouge. WTD 12/1/65.

PERU—Containers, cans, buckets, for milk. Luis Deustua J. (importer, agent), Pablo Bermudez 386, of. 505, Lima. WTD in preparation.

351 Engines, turbines

TURKEY—1-15 hp. gasoline engines to drive small irrigation pumps. Feyzi Cullas & Associates (importer, commission agent), Izmir Caddesi No. 33/19, Yenisehir, Ankara. WTD 12/17/65.

352 Farm machinery

PAKISTAN—Tractors, standard diesel, 55 hp., 4 cylinder. 4-furrow plows; disk harrows with 9 x 22″ solid and 9 x 22″ cutout discs. Requests quotations c&f Karachi. Equipments International (manufacturer's agent), 50 Idrees Chambers, Wood St., Karachi. WTD 12/6/65.

PERU—Milking machines. Luis Deustua J. (importer, agent), Pablo Bermudez 386, of. 505, Lima. WTD in preparation.

353 Construction, mining, materials handling machinery

BELGIUM—Fully automated bin and batch plant. Georges Marchant (agent), 10 Rue Sergent Delisse, Bouge. WTD 12/1/65.

354 Metalworking machinery

VENEZUELA—Power-driven hand tools in general. Felix Kalwil—Representaciones (sales agent), Edificio Galipan, Oficina A-4-A, Avenida Francisco de Miranda, El Rosal, Caracas. WTD 11/24/65.

355 Special industry machinery

PAKISTAN—Plastic moulding machinery—injection, extrusion, blow moulding, compression. Requests quotations c&f Karachi. Shezan Trading Co. (manufacturer's agent), P.O. Box 5234, G/2 Nensi Gopalji Trust Bldg., Kutchi Gali No. 2, Marriot Rd., Karachi 2. WTD 2/16/65.

PERU—Machinery to pack milk in poly-

ethylene bags sized ¼ to 1 liter, capacity 15 liters or more/minute; butter making machinery; machinery for putting metal tops on milk bottles. Luis Deustua J. (importer, agent), Pablo Bermudez 386, of. 505, Lima. WTD in preparation.

356 General industrial machinery

VENEZUELA—Air compressors for industry and workshops. Felix Kalwil—Representaciones (sales agent), Edificio Galipan, Oficina A-4-A, Avenida Francisco de Miranda, El Rosal, Caracas. WTD 11/24/65.

357 Office, computing, accounting machines

PERU—Scales, dairy, all kinds. Luis Deustua J. (importer, agent), Pablo Bermudez 386, of. 505, Lima. WTD in preparation.

SPAIN—Data processing systems for automatic filing, search and retrieval of office records, etc. Price quotations desired. Distribuidora Hispano Americana, S.A. (DIHASA) (importer, wholesaler, retailer), Gran Via 56, Bilbao. WTD 12/17/65.

358 Service industry machines

PAKISTAN—Air conditioners, central station, self-contained, for industrial and commercial use, 400-440 v.; 3 phase and 50 cycles. Requests quotations c&f Karachi. Thermec Engineering Co. (manufacturer's agent), 8 Bambino Chambers, Garden Rd., Karachi 3. WTD 12/3/65.

VENEZUELA—Spare parts for refrigeration equipment. Felix Kalwil—Representaciones (sales agent), Edificio Galipan, Oficina A-4-A, Avenida Francisco de Miranda, El Rosal, Caracas. WTD 11/24/65.

361 Electric transmission, distribution equipment

AUSTRALIA—Electric meters and test equipment, electronic thermometers, other scientific electrical apparatus. Technical & Scientific Equipment Co. (manufacturer's representative), 1st Floor, 243 Collins St., Melbourne, C.1, Victoria. WTD 11/12/65.

PAKISTAN—Measuring and testing instruments for use in textile laboratories, machine and foundry shops. Requests quotations c&f Karachi. Thermec Engineering Co. (manufacturer's agent), 8 Bambino Chambers, Garden Rd., Karachi 3. WTD 12/3/65.

362 Electrical industrial apparatus

PAKISTAN—Industrial controls, various kinds. Requests quotations c&f Karachi. Thermec Engineering Co. (manufacturer's agent), 8 Bambino Chambers, Garden Rd., Karachi 3. WTD 12/3/65.

Industrial controls, electronic controls and control accessories. Requests quotations c&f Karachi. Equipments International (manufacturer's agent), 50 Idrees Chambers, Wood St., Karachi. WTD 12/6/65.

369 Electrical machinery

PAKISTAN—Machinery and equipment for production of dry batteries (batteries to be used in flashlights). Requests quotations c&f Karachi. Shezan Trading Co. (manufacturer's agent), P.O. Box 5234, G/2 Nensi Gopalji Trust Bldg., Kutchi, Gali No. 2, Marriot Rd., Karachi 2. WTD 2/16/65.

384 Surgical, medical, dental instruments, safety devices

VENEZUELA—Industrial personal safety equipment in general. Felix Kalwil—Representaciones (sales agent), Edificio Galipan, Oficina A-4-A, Avenida Francisco de Miranda, El Rosal, Caracas. WTD 11/24/65.

739 Business services

BELGIUM—Appointment of exclusive commission agent in the U.S. for services in Europe such as purchase of real estate, sales and production arrangements, other associations and mergers. R. De Vleeschauwer & Associes (consultants), 149 Avenue Montjoie, Brussels 18. WTD 11/29/65.

BRAZIL—Brazilian representative of several textile industries wishes to act as purchase representative for U.S. importers of cotton yarns and textiles, hosiery, hard woods, castorseed oil. Organizacao Zakia S.A. Representacoes (agent), Caixa Postal 6488, Sao Paulo. WTD in preparation.

Leads for Importers

Commodities are offered direct unless specified.

225 Knitting mills

BRAZIL—Ladies' bathing suits (Helanca); men's bathing shorts (Helanca); direct sale. Malharia Vencedor Ltda. (manufacturer), Rua Aristides Lobo 144, Rio de Janeiro ZC-10, Estado da Guanabara. WTD 12/17/65.

233 Women's, misses', juniors', outerwear

FRANCE—Women's coats and suits, standard quality; requests replies in French. Sport-Jeune (manufacturer), 103 Rue Reaumur, Paris 2. WTD in preparation.

313 Boot, shoe cut stock, findings

BRAZIL—Hand made men's shoes. Direct sale or agency. Calcados Pelligrini S.A. (manufacturer), Industria e Comercio, Rua Assembleia 367, Sao Paulo. WTD in preparation.

315 Leather gloves

HONG KONG—Industrial gloves, leather and leather/cotton. Firm seeks U.S. industrial sales organizations and manufacturers interested in importing gloves. Industrial Engineers, Ltd. (importer, exporter, retailer), 636 Alexandra House, Hong Kong. WTD 12/2/65.

394 Toys, amusement, sporting goods

KOREA—Plastic gun cases for rifles and shotguns, in various sizes. Direct import or through distributors. Chungang Hunting Goods Co. (wholesaler, exporter), 70, 2-ka, Ulchi-ro, Chung-ku, Seoul. WTD in preparation.

399 Manufacturing industries

KOREA—False eyelashes. Direct import or through distributors. Reliance Enterprises Co. (manufacturer, exporter), International P.O. Box 1988, Seoul. WTD 3/10/65.

Future Construction

AUSTRIA—The long-discussed Trieste-Austria **oil pipeline** seems finally on the verge of realization. Reportedly, an agreement in principle was reached in Vienna between the Italian government petro-chemical combine ENI (Ente Nazionale Idrocarburi) and the Austrian Mineral Oël Verwaltung giving ENI a 4% participation in the joint venture. Participation of the other chief principals will be as follows: Mineral Oël Verwaltung—51%; Shell—14.5%; Esso—7.5%; British Petroleum—6.5%; Total—4%.

The pipeline will stretch from the Vallone di Muggia on the outskirts of Trieste to the refineries at Schwechat close to Vienna. Although a separate pipeline running alongside the Trieste-Ingolstadt line had been considered a possibility, it now seems certain that the oil for both Ingolstadt and Schwechat will flow in one line as far as Pleecken in Austria where a spur line will lead off to the Vienna refinery. The Austrian section is expected to cost 14 million pounds sterling ($39,200,000) of which 25% will be provided by the participating companies and the remainder from loans. Total volume of crude destined for Schwechat some 16 months hence when the line is hoped to be completed will be 3-4 million tons per year.

CHILE—The State Railroads are putting the finishing touches on a Five-year (1966-70) Program, which in essence regroups projects left undone under the original 1961-1970 Ten-Year Plan into the new time period.

Principal items in the new program include:

Track modernization: Completion of the continuous rail replacement program over the southern route (i.e., to Puerto Montt), and track improvement on routes north to Santiago.

Acquisition of rolling stock and spare parts: To include 7,500 freight and 800 passenger cars (expected to be produced domestically).

Electrification: In Zone 1 (Valparaiso-Santiago) it is planned to modernize substations and contact lines; replace 12 transformers in 6 substations by silicon rectifier converters (2000/3000 kw, 3 kv dc); and to purchase 7 power line service cars.

A loan equivalent to $15.5 million was approved by the Inter-American Development Bank to help provide adequate **water systems for 39 Chilean cities and towns** with a population of nearly 1.5 million persons.

The loan is financing a project to improve and expand the system in 28 cities, including 14 provincial capitals, among them Valparaiso, Antofagasta, La Serena, Copiapo and Punta Arenas. Total population of these cities is about 1.4 million persons, 700,000 of whom will be receiving adequate water service for the first time. The improvement works are designed to serve a projected population of 2.2 million by 1985.

New systems will be built in 11 towns to serve 33,000 persons.

The program will be carried out over a period of 3½ years by the Ministry of Development and Public Works through its Direccion de Obras Sanitarias, the agency in charge of planning, building and administering sanitary facilities of the national government and of supervising municipal and privately-owned water systems.

The program is part of the 1965-70 Sanitary Works Plan prepared by the Direccion, which calls for the improvement or installation of water supply systems in 100 Chilean cities with more than 1,000 inhabitants.

The Bank loan will finance 60% of the program's cost; the Chilean Government will provide the remaining 40%. The loan proceeds will be used to **purchase pipes, water meters and supplementary equipment,** to finance part of the construction costs, and to provide technical assistance services.

COLOMBIA—A loan equivalent to $1 million has been authorized by the Inter-American Development Bank to help improve and **expand the School of Engineering of the Universidad de los Andes in Bogota.**

The project calls for a new building for the school; the purchase of laboratory and research equipment; the acquisition of books and magazines for the library; the provision of fellowships for study abroad for faculty members and outstanding post-graduate students; the hiring of additional full-time professors, and the provision of technical assistance.

Total cost of the project is estimated at $1,948,000. The Bank loan will finance 51%, the University 23%, and the Ford Foundation the remaining 26%.

The project is designed to enable the University to offer a full 5-year program of studies in the fields of civil, electrical, mechanical and industrial engineering. Up to 1963, the curriculum provided for a 3-year program in residence followed by 2 years of study at a U.S. university.

It is anticipated that as a result of the expanded and improved facilities an average of 100 engineers will be graduated annually by the institution beginning in 1968, thus contributing to the achievement of the advanced education goals of Colombia's 10-year national economic and social development plan, being carried out within the framework of the Alliance for Progress.

The Colombian Institute for Utilization of Water Resources & Development of Electric Power (Instituto de Aprovechamiento de Aguas Y Fomento Electrico) is currently studying 5 power projects for development by its affiliates which may present good **opportunities for U.S. equipment producers.**

Santa Marta (Electricadora del Atlantico S.A.): This city is the chief banana port of Colombia at present and has a big potential as a tourist center. According to the last national census (1964) it has a population of 105,000; its current installed generating capacity is 6,060 kws. The power supply is based on small diesel units and is extremely deficient. Consumers have been exerting pressure for a correction of the power problem, and reportedly the Instituto will soon authorize the acquisition of a **7,000 kw gas turbine** to meet immediate needs. Value of the unit is estimated at $1,250,000.

Paipa (Centrales Electricas de Boyaca S.A.): This is a small town located some 100 miles to the northeast of Bogota. Its population is only 14,700, but it is located near the Paz del Rio Steel Mill (Acerias Paz del Rio). At present, there is under installation one 33,000 kw steam unit of French manufacture which will produce 20,000 kw for the steel mill and feed the balance to the Boyaca and Bogota grids. A feasibility study has recently been completed justifying the installation of a **second 3,000 kw steam unit** valued at about $4,600,000.

Yumbo (Corporacion del Valle del Cauca, S.A.): The township of Yumbo is a rapidly growing industrial center located 10 miles from Cali, with a population of 22,000. Although it is within the Cali and the large C.V.C. (Corporacion del Valle del Cauca) complex, including the large C.V.C. hydro project, it suffers acute shortages during the dry season. Currently the city has two 12,500 kw and one 33,000 steam units, all of European manufacture. **One additional 33,000 kw unit is required** to bolster capacity and **possibly an additional 33,000 kw item** will be needed within three years. Estimated value of the first unit is $4,600,000.

Barranquilla Electrificadora del Atlantico, S.A.): The city of Barranquilla is a rapidly growing commercial and industrial center. At this time, its installed power capacity is in the order of 90,000 kw (50,000 kw steam and 40,000 kw gas turbine, all units of American manufacture). The loan growth in the next few years will undoubtedly justify new generating capacity and a **33,000 kw steam unit** at least would be warranted to meet increased demand. The Instituto reportedly approved this unit some time ago with a value estimated at $4 million.

HONG KONG—Simultaneously with a government announcement that one million square feet of land on Tsing I Island had been granted for the purpose of constructing a petroleum refinery and oil storage facilities, the U.S. Summit Corp. announced the formation of the Peninsula Petroleum Co. Ltd. to carry out a **three stage ten-year program** which will result in Hong Kong's first **petroleum refinery and petro-chemical plant.**

The plan, which envisages the investment of about US$20 million, has been four years in preparation. Crude oil will be imported from the Persian Gulf. Projected refinery capacity is 10,000 barrels per day of gasoline, kerosene, fuel oil, diesel fuel, lubricants, and asphalt.

INDIA—The Maharashtra State Electricity Board signed on Nov. 11 an agreement with two French companies—Compagnie Electro-Mecanique and Societe Francaise des Constructions Babcock et Wilcox—jointly for the supply of the main power station equipment for the new 280 mw thermal station at Nasik.

The project will be financed through credit facilities made available by the Government of France. This will be the largest single project executed in India with French credit and French technical collaboration. The value of the contract for the equipment from France is about $21 million.

LEBANON—Minister of Public Works George Naccache has submitted a bill to the Council of Ministers for the **development and improvement of the State Railway System** at a total cost of $4 million.

Chairman of the Board of the Railways Afif Salman pointed out in a statement that the Railways Department had earlier drawn up proposals for the urgent development and improvement of the coastal railway lines. This was regarded as urgent in view of the deteriorated condition of many railway stations. This is a main factor in the current deficit in the Railway budget.

The new proposals call for the **replacement of wood piers by concrete piers** and the **replacement of rail sections.** The full **introduction of diesel engines** to replace excessively expensive steam engines is also part of the new plans.

At the same time passenger services will be introduced with the purchasing of **modern passenger cars** for use along the coastal strip between Soor (Tyre) in the south to Tripoli in the north.

SOUTH AFRICA—Minister of Transport B. J. Schoeman in a recent speech pointed out that his Department was committed to a R160 million ($225.6 million) program of **rail and harbor development in Natal.**

Some of the more important items mentioned by the Minister are the following:

The route of the promised railway line between the planned port of Richards Bay (about 100 miles north of Durban) and the interior has now been decided. It will run between Empangeni (a few miles from Richards Bay) and Vryheid in northern Natal, apparently by the most practicable direct route. Parliamentary approval for this project will be sought during next year's session.

The line will be electrified, as will the line between Empangeni and Durban, thus providing an alternative heavy traffic route between Durban and the Transvaal. This is a point of special consequence to Durban (the country's premier port) because the existing rail link is now carrying close to its maximum capacity.

The new pier in Durban harbor, on which preliminary work has just started, is to be completed by 1968 instead of 1970 as originally planned. As soon as this pier has been completed, work will commence on a second, similar pier. In Minister Schoeman's consideration the 16 additional berths thus made available should be sufficient until the harbor at Richards Bay comes into operation about 1980.

Durban harbor will not be altered to accommodate larger ships, such as giant tankers, since the cost of such alterations would be out of all proportion to the number of vessels of this type likely to make use of the port.

Richards Bay, however, will be developed as a deep water port able to accommodate ships of any size, including super tankers of 80,000 to 100,000 tons.

Work on Durban's new railway station will commence as soon as certain preliminary work, notably the relocation of various railway facilities, has been completed. Funds for this preliminary work have already been voted.

TURKEY—The Board of Directors of the Ottoman Bank (Osmanali Bankas), Galata, Istanbul has approved plans for **two hotels** in Turkey.

One will be built on the site of the bank's branch office at Taksim Square in Istanbul. It hopes to build a 12-story hotel on the 3,500 square hectare tract. The bank will not attempt to establish a luxury hotel but nevertheless aims at a first class establishment of some 200 rooms.

The other hotel (100 rooms) planned is for Ankara, where a branch office will be located.

Both of these hotels will be built by SOFITEL, a construction subsidiary of La

Banque de Paris et de Pays Bas, a principal stockholder of the Ottoman Bank. Financing plans have not yet been settled.

VENEZUELA—The World Bank (1818 H St. NW., Washington, D.C. 20433) has approved a loan equivalent to $37 million to the Compania Anonima Nacional Telefonos de Venezuela (CANTV) to assist in financing the company's 1965-68 program **to expand and improve the national and international telephone and telex services of Venezuela.**

This program is an important part of the country's proposed economic development program for 1965-68. When it is completed, Venezuela will have high quality telephone and telex service between its principal cities and between Venezuela and other countries.

The telephone system will be extended to a number of towns, now without service, and local exchanges will be expanded to permit the connection of new subscribers.

The program being assisted by the Bank loan includes the **installation of about 107,000 lines of automatic exchange equipment (of which a maximum of 53,000 will be purchased with Bank funds) and related cable networks; the installation of 1,915 long-distance circuits totaling approximately 209,000 circuit miles which includes the expansion of the existing Eastern microwave system between Caracas and Puerto Ordaz** (center of Venezuela's rich mineral region), **construction of a Western microwave system extending from Caracas to the petroleum center of Maracaibo and San Cristobal, near the Colombian border, and the installation of carrier equipment, cables, radio and open-wire circuits; the installation of equipment for direct long-distance dialing between 29 cities; the laying of a submarine cable between La Guaira, Venezuela and St. Thomas in the Virgin Islands, where it will connect with a submarine cable to Florida, providing connection with the United States and via the United States to Europe; a new international long-distance switchboard and high-frequency radio equipment to provide approximately 18 international telephone circuits and 37 international telegraph circuits; and telex switching facilities for approximately 1,200 lines. A new headquarters building will be built in Caracas to provide space for equipment and administrative staff.**

Total cost of CANTV's 1965-68 expansion program is estimated at the equivalent of $100 million. Foreign exchange requirements are estimated at $54 million, of which $37 million will be covered by the Bank loan. The balance of the foreign exchange and the local currency required will be obtained from CANTV's own resources, suppliers' credits, government contributions, and from a private borrowing in the United States to finance CANTV's right to use the submarine cable between St. Thomas and Florida.

All the important equipment and material to be financed by the Bank loan will be purchased after international competitive bidding.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

Visiting Buyers and Officials

Scheduled arrival dates and U.S. addresses indicated

AUSTRALIA—Rueben Page and Henry Page, Progress Engineering Co. Pty. Ltd., Vale St., North Melbourne, Victoria, **interested in building materials, prefabricated steel buildings, especially accommodation units.** Dec. 25 via Los Angeles for 3 weeks. c/o 5516 Clara St., Bell Gardens, Calif. Itinerary: Los Angeles. WTD under revision.

GERMANY—Joseph V. Masin, representing Joseph Masin Export-Import, 86 Eupenerstr., 5 Koeln, **interested in used single and light twin aircraft and spare parts for some types of machines, household appliances, particularly those new to the market, and joint venture for the sale of used light aircraft in Europe.** Jan. 3 via New York for 10-14 days. c/o Room 511, 475 Fifth Ave., New York 17, N.Y. Itinerary: New York. WTD 12/17/65.

ISRAEL—Michael Elkes, The Union of Local Authorities, 5 Heftman St., Tel Aviv, and Alexander Shapir, Chief Inspectorate of Fire Fighting Services, Israel Ministry of Interior, Givatayim, **interested in purchasing fire fighting equipment and making contacts with fire fighting organizations in the U.S. and requesting technical information on most up-to-date fire fighting equipment and procedures.** 1st week in January via New York for 1 month. c/o Embassy of Israel, 1621 22nd St. NW., Washington, D.C. Itinerary: Chicago, New York, Detroit, St. Louis, Oklahoma, Houston, Phoenix, Los Angeles, Boston.

Export credit information reported for Latin America

Outstanding letters of credit in Latin American countries, confirmed by 11 reporting banks, declined by $8.2 million to $270.4 million in November, according to the Federal Reserve Bank of New York.

This decrease followed three consecutive monthly increases.

Of the 23 countries surveyed, 11 recorded increases and 10 registered declines. Chile with $2.9 million increase, reached a new high of $36.6 million.

Colombia's $3.1 million increase brought its letters outstanding to $19.9 million. Three other countries showed large changes—Paraguay, up $1.1 million to $1.8 million; Peru, up $2.1 million to $12.7 million; and Venezuela, up $1.5 million to $43.7 million. Peru's figure reached an all-time high.

After four consecutive monthly increases, Brazil had a $6.3 million decrease to $41.3 million. Argentina and Mexico showed declines of $2.1 million and $10.5 million to $55.8 million and $24.5 million, respectively.

Outstanding draft indebtedness rose by $5.9 million to $264.5 million. New drafts drawn on importers totaled $40.9 million, an increase of $500,000 over those drawn the previous month. Drafts paid by importers amounted to $35 million, $1.3 million less than in October.

Brazil to purchase 69 diesel locomotives in U.S. for central railway

The Brazilian Government will purchase 69 diesel locomotives in the U.S. for the exclusive use of the Central do Brasil railway.

The new locomotives will be used largely to haul iron ore to Brazilian steel mills and to the port of Rio de Janeiro for export to world markets.

Proposed purchases include 49 mainline diesel locomotives of 1800 horsepower, 20 shunting locomotives of 540 horsepower, and related spare parts. U.S. suppliers have not yet been selected.

The purchases will be financed through a $17 million loan authorized by the Export-Import Bank. Under terms of the loan, each U.S. supplier will be required to participate in the financing to the extent of not less than 10% of the invoice value. The loan is repayable over 10 years with the first payment due in 1968.

Sweden, Rumania, USSR end payments agreements

An official Swedish publication reports that following negotiations with Rumania and the USSR, it was agreed that the bilateral payments agreements in force with these two countries should be terminated. Effective last July 1, these agreements were replaced by payments agreements in convertible currencies.

The termination of these two agreements leaves only the payments arrangement with East Germany in force. Trade and payments between Sweden and East Germany continued to be regulated by a privately negotiated compensation arrangement.

This arrangement is concluded periodically between the private Swedish Compensation A/B Sukab and the East German Kammer/fur Aussehandel.

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Calendar *for international traders*

ATLANTA—Jan. 13—In-Office Export Conference Field Office. Sponsors: Field Office, Department of Commerce; REEC.

CAMBRIDGE, MASS.—Jan. 13—International Trade Assn. of New England, Inc., dinner meeting, Charter House Hotel. Speaker: **Robert L. McNeill,** Deputy Asst. Secretary of Commerce for Trade Policy.

CEDAR RAPIDS, IOWA—Jan. 18—Foreign Trade Bureau of Chamber of Commerce, meeting, 6 p.m., Roosevelt Hotel.

CHICAGO—Jan. 11—Automotive Exporters' Club of Chicago, Builders Bldg.

CHICAGO—Jan. 12—In-Office Meeting for New Exporters, Field Office.

CHICAGO—Jan. 13—International Trade Club, luncheon, 12:15 p.m., Sherman House.

CHICAGO—Jan. 19—Chicago-Midwest Credit Assn., La Salle Hotel.

CHICAGO—Jan. 20—Export Problems Clinics on Industrial Products and Consumer Products, 2:30-5 p.m., Sherman House. Sponsor: International Trade Club.

CLEVELAND—Jan. 13—Businessmen's Consultations with members of U.S. Trade Mission to Poland and Rumania, luncheon, 12 noon, Mid-Day Club. Sponsors: World Trade Assn.; Field Office, Department of Commerce.

CLEVELAND—Jan. 19—Export Seminar, 9:30 a.m.-3:30 p.m., Sheraton-Cleveland Hotel. Sponsors: Northwest Orient Airlines; Field Office, Department of Commerce; REEC.

DALLAS—Jan. 11—In-Office Export Expansion Workshop, Field Office. Sponsors: Field Office, Department of Commerce; REEC.

DAYTON, OHIO—Jan. 21—Export Workshop, 10-11 a.m., Sheraton-Dayton Hotel. Sponsor: Chamber of Commerce.

HARTFORD, CONN.—Jan. 18—Far East, Taiwan (Formosa) & Japan Workshop, Waverly Inn, Cheshire. Speaker: **Raymond W. Eiselt,** Bureau of International Commerce. Sponsors: Manufacturers Assn. of Connecticut; Field Office, Department of Commerce.

HONOLULU—Jan. 20—REEC Meeting in conjunction with annual membership meeting of Chamber of Commerce, 12 noon, Royal Hawaiian Hotel. Speaker: **LeRoy Collins,** Under Secretary of Commerce.

JACKSONVILLE, FLA.—Jan. 18—In-Office Workshop on Export Expansion, 2 p.m., Field Office.

KANSAS CITY, MO.—Jan. 11—New Trends in International Banking, 6 p.m., Prom Motel. Sponsors: Field Office, Department of Commerce; REEC; International Trade Club.

KANSAS CITY, MO.—Jan. 11—In-Office Workshop for New Exporters, Federal Office Bldg. Sponsors: Field Office, Department of Commerce; REEC.

KNOXVILLE, TENN.—Jan. 17—International Commerce Club, meeting, 6:30 p.m., City Club.

MEDIA, PA.—Jan. 25—Delaware County Chamber of Commerce, dinner meeting and export expansion workshop, 5:45 p.m., Towne House.

MEMPHIS—Jan. 18—World Trade Club, Hotel Claridge.

MEMPHIS—Jan. 19—Export Workshop on International Payments, Hotel King Cotton. Sponsors: Mid-South Exporters' Roundtable; Field Office, Department of Commerce.

MINNEAPOLIS—Jan. 12—Minnesota World Trade Assn., monthly dinner meeting, Inn Towne Motel.

NEWARK, N.J.—Jan. 20—5th Annual "Profits in Exports" Conference, Robert Treat Hotel. Sponsors: World Trade Assn.; Greater Newark Chamber of Commerce; N.J. Department of Conservation and Economic Development; Field Office, Department of Commerce; REEC.

NEW YORK—Jan. 13—Overseas Automotive Club Board of Directors' Meeting and Luncheon, 12 noon, Shelburne Hotel.

NEW YORK—Jan. 13-23—56th National Motor Boat Show, New York Coliseum. Export Conference Speaker: **Arthur C. Rutzen,** Director, Field Office.

NEW YORK—Jan. 17-19—Briefing Session on Doing Business in and With Emerging African Nations, Hotel Pierre. Sponsor: American Management Assn.

NEW YORK—Jan. 19—"Profits in Exports" Conference, Sheraton-Tenney Motor Inn, Queens. Sponsors: Laundry and Cleaners Allied Trades Assn.; Field Office, Department of Commerce.

NEW YORK—Jan. 20—Businessmen's Consultations with members of U.S. Trade Mission to Ethiopia, Sudan and Somalia, St. Regis Hotel. Sponsors: African-American Chamber of Commerce, Inc.; Field Office, Department of Commerce.

NEW YORK—Jan. 20—FCIB Drug, Chemical & Food Export Club, 12:15 p.m., Advertising Club. Sponsor: Foreign Credit Interchange Bureau.

NEW YORK—Jan. 21-22—Round Table Meeting on How to Determine and Defend Prices of U.S. Products Sold to Subsidiaries for Sale to Customers Abroad, Institute on U.S. Taxation of Foreign Income, Inc., 70 Pine St.

PENDLETON, ORE.—Jan. 17—Pendleton International Business Short Course, 9 a.m., Tapaders Motel and Restaurant.

PHILADELPHIA—Jan. 11—Seminar on Export Correspondence, 7-9 p.m., Sheraton Hotel. Sponsor: American Society of International Executives.

PHILADELPHIA—Jan. 20—Foreign Traders Assn. of Philadelphia, monthly dinner meeting, 6 p.m., Sheraton Hotel.

PITTSBURGH—Jan. 11—In-Office Export Workshop, Field Office. Sponsors: Field Office, Department of Commerce; REEC.

PITTSBURGH—Jan. 13—World Trade Council, Chamber of Commerce of Greater Pittsburgh and World Affairs Council, luncheon meeting with ABC news correspondents from world news centers, 12 noon, Penn-Sheraton Hotel; 7-9 p.m., World Trade Council Seminar on Export Procedures, first of four sessions, Koppers Bldg.

PITTSBURGH—Jan. 19—Businessmen's Consultations with members of U.S. Trade Mission to Ethiopia, Sudan and Somalia, Field Office.

PROVIDENCE, R.I.—Jan. 18—Providence World Trade Club, dinner meeting, Sheraton Biltmore Hotel. Speaker: Charles Levy, Member U.S. Trade Mission to Malaysia, Singapore, Hong Kong.

PROVIDENCE, R.I.—Jan. 19—Businessmen's Consultations with members of U.S. Trade Mission to Malaysia, Singapore, Hong Kong, Greater Providence Chamber of Commerce. Sponsors: Chamber of Commerce; Field Office, Department of Commerce; REEC.

SPRINGFIELD, MASS.—Jan. 11—Springfield Export Sales Managers Assn., dinner meeting, Federal Plaza Motel.

ST. LOUIS—Jan. 11—"Show You" Export Workshop, First National Bank. Sponsors: REEC; Field Office, Department of Commerce; World Trade Club.

ST. LOUIS—Jan. 19—All-Day Conference/Consultation Program on "Doing Business Around the World" with members of U.S. Trade Missions to Ethiopia, Sudan and Somali Republic; Poland and Rumania; Malaysia, Singapore and Hong Kong; Colombia; and Africa, Field Office. Sponsors: REEC; World Trade Club; Chamber of Commerce.

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